



Contract Development Manual:

A Guide to the Human Services Department's Contract Development Policies and Procedures

Revised May 31, 2016

Replaces the September 2011 Version of the Manual

Serving the needs of Seattle's most vulnerable residents



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SECTION I: INTRODUCTION

Introduction

Human Service Department Background

The vision of the Seattle Human Services Department (HSD) is that all basic needs in our communities are met through innovative and collaborative approaches. The Department works closely with our major community partners, including other public and nonprofit funders and service providers, to understand current and emerging human service needs, address racial disparities, and create and invest in a comprehensive and integrated regional human services system that improves the health, safety and education of our residents.

Through all of our contracts, HSD invests in services that meet the basic needs of our community’s most vulnerable residents and that help people become and remain independent. Contracted service or program areas align with the HSD Strategic Plan (*Healthy Communities, Healthy Families*), the City’s Race and Social Justice Initiative (RSJI), and HSD’s Outcomes Framework.

The mission of the Seattle Human Services Department is to connect people with resources and solutions during times of need so we can all live, learn, work and take part in strong, healthy communities

HSD’s contracts will clearly define the investment and desired results, to ensure that HSD resources:

- Respond to changing community demographics and needs, best and promising practices, and new evaluation research;
- Implement culturally responsive services (see page 76); and
- Deliver value to the community;

What are we purchasing?

Why are we buying it?

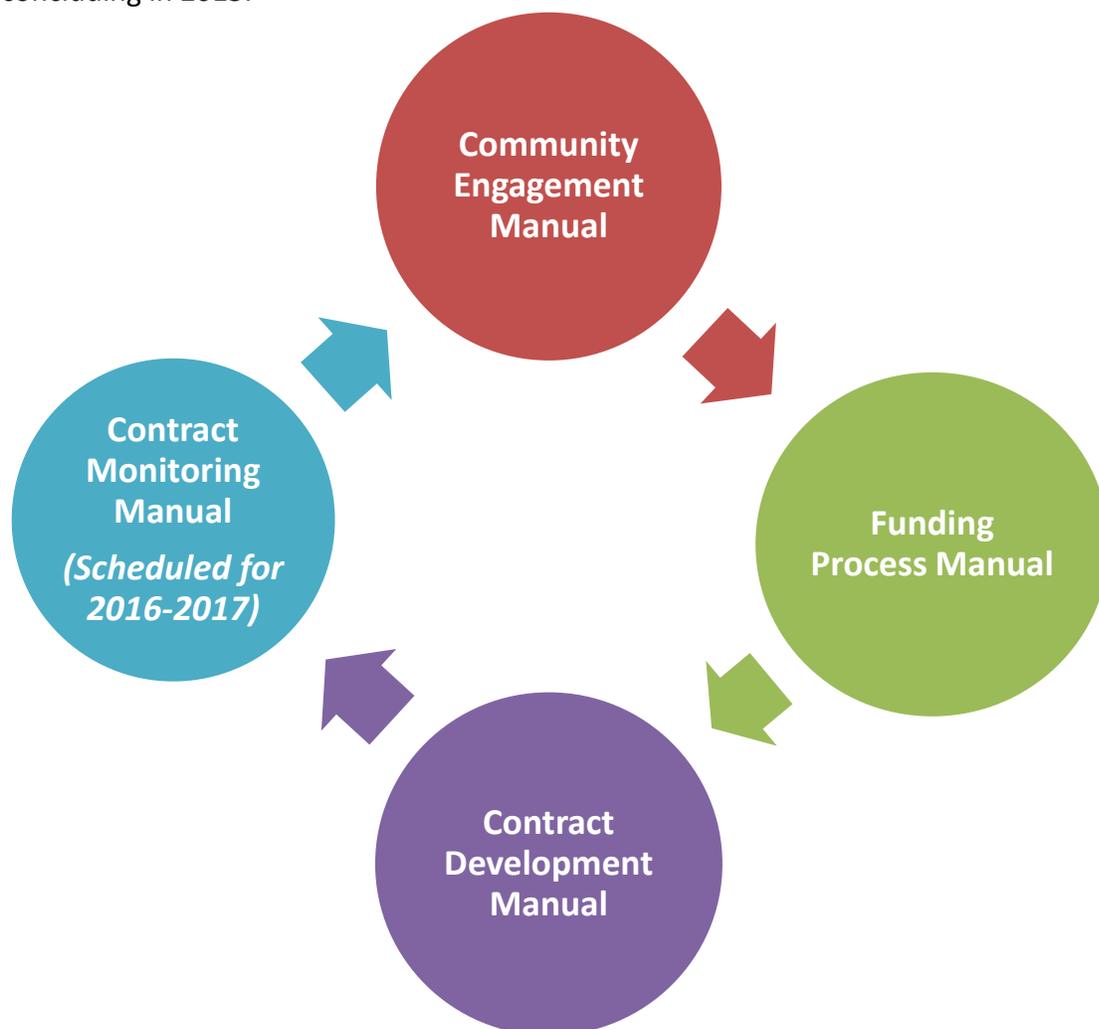
What are we counting?

HSD Policy Guides

HSD began work in 2013 to develop four policy guides – or manuals – for use by staff throughout HSD’s investment continuum. Each policy manual informs the next to create a continuous feedback loop throughout each step of our work – starting with the department’s community engagement efforts, to the identification of contractors to provide service to the community

through competitive funding processes, to contract development and monitoring, which in turn will inform future community engagement efforts and investments.

The Contract Development Manual was informed by HSD’s Contract Monitoring Affinity Group and the Continuous Quality Improvement (CQI) process that began in 2014, with the first phase concluding in 2015.



Contract Development Manual Overview

This Contract Development Manual contains HSD’s guidelines and procedures related to developing, processing and executing contracts for HSD’s programmatic investments. It is intended to be a reference tool for HSD staff, to provide an overall structure and guidance for HSD contract development, basic information about HSD contract requirements, and links to key resources.

The manual is intended to be comprehensive, but questions that are not already answered here may arise during the contract development process. HSD staff should use their professional

judgment when developing contracts, using the templates provided, and should seek guidance from the LAD Contracts Unit as needed.

This manual and the [HSD Contract Resources](#)¹ SharePoint site will be updated as needed to capture new policies and updated templates. At the end of this manual you will find appendices which outline details that may change more regularly than the full manual. The intent of including these details in the appendices is for ease in making updates, as changes occur, without amending the full manual. An overview of revisions to the manual can be found in Appendix C, which will be updated as revisions occur.

The Contract Development Manual will address the following types of contracts used by HSD:

- Master Agency Services Agreement (MASA)
- Project Services Agreement (PSA)
- Agency Services Agreement (ASA)
- Memorandum of Agreement (MOA)
- Memorandum of Understanding (MOU)
- Agreement & Invoice (A&I)

Details regarding each type of agreement may be found on pages 18 – 19. The manual also addresses contract amendments (see page 46).

This manual is solely related to HSD’s programmatic investments, which result in agency service provider contracts. The manual does not discuss consultant or vendor service agreements. It is also not intended to be applicable for grants or agreements that will result in incoming funds to HSD.

- For details on consultant contracts, please review the information on the [HSD Contract Resources](#) SharePoint site and contact the Contracts Unit’s Contracts Compliance Officer.
- For details on vendor service agreements, please contact the Financial Management Team. The LAD Contracts Unit does not handle vendor service agreements.
- For details on grants or agreements that will result in incoming funds to HSD, please contact the Grants Management Unit.

Contracts are generated by staff in one of HSD’s divisions:

- Youth and Family Empowerment (YFE),
- Community Support and Assistance (CSA),
- Aging and Disability Services (ADS), or
- Leadership and Administration Division (LAD), which also includes:
 - Public Health (PH), and
 - The Mayor’s Office on Domestic Violence and Sexual Assault (MODVSA)

For the purpose of this manual, all (Senior) Grants & Contracts Specialists and other staff with contract development responsibilities will be referred to as “Program Specialist”.

¹ <https://seattlegov.sharepoint.com/sites/HSDTeams/Contracts/ContractResources>

Staff members in the Leadership and Administration Division (LAD) Contracts Unit help set and implement overall Department policy related to contracting, and interpret City-wide policy as needed. The Contracts Unit is responsible for the final review and approval of all contracts prior to execution.

For additional information about the HSD contract development process, contact the following staff in the LAD Contracts Unit on the 58th floor of the Seattle Municipal Tower:

<p><i>Contracts Compliance Officer</i></p> <ul style="list-style-type: none"> • Contracts Unit lead • City & HSD contract policy and procedure questions and issues • Requests for Law Department review • Contract Development Manual questions • Contract status reports • Contract review • General contract questions • Boilerplate questions • Specific/special contract questions or issues • Special template development • Final contract approval 	<p><i>Senior Grants & Contracts Specialist</i></p> <ul style="list-style-type: none"> • Contract review • General contract questions • Boilerplate questions • Specific/special contract questions or issues • Special template development • Final contract approval
<p><i>Grants & Contracts Specialist</i></p> <ul style="list-style-type: none"> • CMS & DocuSign questions, training and trouble-shooting • Insurance requirements • System for Award Management (SAM) requirements • Master Agency Services Agreements (MASA) • New agency W-9 forms, updated agency information (address, etc.) 	<p><i>Deputy Director of Administrative Operations</i></p> <ul style="list-style-type: none"> • Contracts Unit supervision • Signs contracts and amendments on behalf of the HSD Director, as an assigned delegate. • Collaboration with Deputy Director of Services & Strategy • Works with HSD Director, Deputy Director of Services & Strategy, Division Directors, Contracts Unit and the City of Seattle Law Department to help set overall contracting policies and guidelines.

**SECTION II:
HSD's CONTRACT DEVELOPMENT
GUIDELINES**

Getting Started: What You Need to Know

The Importance of the Contract

To effectively develop and monitor a contract for program services, it is important to understand the following:

- Contracts are legally binding documents, which establish the respective rights and responsibilities of HSD and the contracted agency.
- Information presented in the contract must be consistent throughout. For example, the contract term and total funding amount may be mentioned in multiple places – accuracy and consistency is crucial.
- Contracts must be complete, accurate, readable, error-free, and professional in appearance.
- Any inconsistency or inaccuracy could be subject to misinterpretation.
- The contract must precisely specify what is expected of the contractor. The contract language should be clear so that all parties can interpret the contract in the same way. If a change in staff occurs or if an outside party reviews the agreement they should be able to understand the contract. The purpose and expectations of the contract should be clear to everyone.
- In the event of a dispute, what is written in the contract – *not* what was intended – is what matters.
- Acronyms and jargon should always be defined to ensure shared understanding by all parties.
- Executed contracts should be free of anything that might give the impression that the contract has been altered without the knowledge of the signatories. A contract with any hand-written remarks or markings, other than the appropriate signatures, should not be executed.
- Remember, all contracts are subject to public records requests. You should assume that the contract may be read by someone who is not a party to the agreement.
- Changes to the contract budget, contract term (duration), performance commitments, and most other substantive contract changes during the term of the contract require a contract amendment (see page 46).

HSD's Contract Standards

HSD began a Continuous Quality Improvement (CQI) process in 2014, with the first phase concluding in 2015. This process included two representatives from each division who served as ambassadors for their divisions. The CQI process resulted in the establishment of specific action plan teams, made up of CQI process participants and other division staff, to address identified issues. One of these action plan teams worked on developing the set of HSD contract standards outlined below.

All parties involved in the contract development, review and approval process are responsible for ensuring that contracts meet the following HSD contract standards:

1. Contract clearly describes the goals and objectives, and identifies the services and/or deliverables to be purchased.
2. Contract uses correct/up-to-date version of templates, generated from CMS.
3. Contract details are accurate and match details in CMS.
4. Contract language, terms, and details are consistent throughout all sections of the contract.
5. Contract budget, funding information, and invoice forms are accurate and consistent.
6. Contract information is clear and easy to navigate.

The [HSD Contract Resources](#) SharePoint site includes Contracting Proofing Checklists which provide details on the specific points that should be reviewed and verified in each component of the contract. There is a separate Contract Proofing Checklist for each reimbursement method. Staff should use these checklists and a peer proofing system to review contracts to ensure that the HSD contract standards are met.

Roles & Responsibilities of HSD Staff in the Contract Development Process

The development of HSD’s contracts for its programmatic investments will involve multiple staff throughout the Department. The “Overview of HSD’s Contract Review & Approval Process” flow chart on pages 56 – 59 provides details on the specific responsibilities of staff involved in the contract routing/review process. It is the responsibility of the initiating program division to ensure that contracts comply with all relevant contracting standards, guidelines, procedures and fund source/grant requirements.

The following staff will be involved at varying stages of the contract development process:

HSD Staff:	Roles & Responsibilities in the Contract Development Process:
<p>Program Specialist (Division-Specific)</p>	<p><i>For the purpose of this manual, all (Senior) Grants & Contracts Specialists and other staff with contract development responsibilities will be referred to as “Program Specialist”.</i></p> <ul style="list-style-type: none"> • Primary responsibility for contract development and monitoring. • Maintains familiarity with the Contract Development Manual and HSD’s internal processes. • Coordinates contract negotiation with supervisor/manager. • Ensures the contract reflects fund source, grant and/or program area requirements (e.g. verify grant requirements). • Ensures the contract reflects the goals and outcomes of the funding process from which the contract resulted, if applicable. • Verifies program and contractor information in CMS, enters outcome information and contract details. • Drafts an accurate and complete contract for review and approval. • Approves the contract in CMS, prints the CMS Contract Routing Slip, prepares the contract for routing. • Routes the contract for review & approval. • Updates the contract with requested edits and/or corrections. • Prepares the contract for signature, following the DocuSign or hard copy signature instructions. • Maintains a contract desk file.

<p>LAD Contracts Unit (Contracts Compliance Officer; Senior Grants & Contracts Specialist; Grants & Contracts Specialist)</p>	<ul style="list-style-type: none"> • Helps to set and implement overall HSD policy related to contracting. • Interprets City-wide policy, in coordination with the City of Seattle Law Department, as needed. • Provides standard templates for use in contract development. • Assists Program Specialists and staff teams in developing special contract templates, as requested and as time allows. • Conducts an initial review of all HSD contracts, CMS data, and routing slips for completeness, accuracy, consistency, and compliance with contracting guidelines and best practices. • Requests contract edits from Program Specialist as needed. • Conducts <u>final</u> review and approval of all contracts prior to signature and execution, to ensure that only edited and accurate contracts are signed. • Ensures agencies receiving federal funding are active in SAM (see page 66). • Verifies the agency’s proof of insurance coverage (see page 65) and coordinates with the City’s Risk Management Division. • Executes signed contracts in CMS and maintains the official contract file. • Provides CMS and DocuSign technical assistance. • Manages the development and execution of Master Agency Services Agreements (MASA).
<p>Supervisor/Manager of Program Specialist (Division-Specific)</p>	<ul style="list-style-type: none"> • Maintains familiarity with the Contract Development Manual and HSD’s internal processes. • Coordinates contract negotiation with the Program Specialist. • Supports the Program Specialist through the contract development process and ensures that expectations for contract accuracy are met. • Responsible for ensuring that all fund source/grant and program area requirements are reflected in the contract. • Ensures that the scope of work and desired results of the funding process from which a contract results (if applicable) are reflected in the contract. • Reviews contract for completion, accuracy, and compliance; approves in CMS; and routes to the division’s Finance Analyst.

<p>Finance Analyst (Division-Specific)</p>	<ul style="list-style-type: none"> • Reviews division contracts to ensure that the budgets and corresponding invoice forms are correct, appropriately coded in CMS, and that sufficient funds are available. • Reviews allowable and unallowable costs. • Assists in the annual contract upload to CMS (see page 51).
<p>CDBG Administration Unit</p>	<ul style="list-style-type: none"> • Administration of the Community Development Block Grant (CDBG). • Contract review of all contracts containing CDBG funding, including: eligibility review, environmental review, labor standards review, administrator review and financial review (see page 60).
<p>Deputy Director of Administrative Operations (LAD Executive Team)</p>	<ul style="list-style-type: none"> • Supervision of the LAD Contracts Unit. • Signs contracts and amendments on behalf of the HSD Director, as an assigned delegate. • Works with HSD Director, Deputy Director of Services & Strategy, Division Directors, Contracts Unit and the City of Seattle Law Department to help set overall contracting policies and guidelines.
<p>Deputy Director of Services & Strategy (LAD Executive Team)</p>	<ul style="list-style-type: none"> • Signs contracts and amendments on behalf of the HSD Director, as an assigned delegate. • Collaborates with the HSD Director, Deputy Director of Administrative Operations and Division Directors, as needed to support the contract development process as relates to services and strategy.
<p>HSD Director (LAD Executive Team)</p>	<ul style="list-style-type: none"> • The City of Seattle’s contracting authority for HSD. All contracts and amendments are signed under the name and authority of the HSD Director.
<p>HSD Director’s Signature Proxy</p>	<ul style="list-style-type: none"> • Uses DocuSign to apply the HSD Director’s signature to contracts approved by the LAD Contracts Unit’s Contracts Compliance Officer or Senior Grants & Contracts Specialist.
<p>Division Director (Division-Specific)</p>	<ul style="list-style-type: none"> • Coordinates division-level designation of responsibilities for contract development. • Responsible for division-level decision making regarding contracting. • Ensures that contracting practices comply with fund source requirements, HSD’s policies and practices, and alignment with HSD’s Strategic Investment Plan (see page 77) and Outcomes Framework (see pages 72 – 75).
<p>Planning & Development Staff</p>	<ul style="list-style-type: none"> • Participates in contract development to ensure that the scope of work and desired results of the funding process

(Division-Specific)	from which the contract resulted (if applicable) are reflected in the contract.
Budget Manager (LAD Financial Management Team)	<ul style="list-style-type: none"> • Approves SIP Changes Approval form, as the “SIP Manager” (see page 77). • Manages the Financial Management Team, which includes the Grants Management Unit (Finance Analysts), and the Accounting and Audit team. • Develops the Department’s budget.
Accounts Payable (LAD Financial Management Team)	<ul style="list-style-type: none"> • Maintains AP contract file, including the Contract Payment Authorization (CPA) form (see page 64), invoices, and other documentation related to contract payment. • Payment processing in the SUMMIT financial system.
Fiscal Auditor (LAD Financial Management Team)	<ul style="list-style-type: none"> • Assists with review of agency audit reports and agency fiscal reviews.
Accounting & Audit Supervisor (LAD Financial Management Team)	<ul style="list-style-type: none"> • General assistance related to accounting, contract monitoring, invoice documentation, appropriate documentation of expenses, allowable and unallowable costs, audits, fiscal accountability and grant compliance.
Information Technology Unit (Seattle IT)	<ul style="list-style-type: none"> • Database management of the Contract Management System (CMS). • Assists the HSD Grants Management Unit in completing the annual contract/budget upload in CMS (see page 51).
RSJI Change Team (Via the Change Team Co-Chairs)	<ul style="list-style-type: none"> • HSD’s RSJI Change Team (through the Change Team Co-Chairs) is available to support the Program Specialist and contracting staff teams in ensuring that the contract and required activities align with the Race and Social Justice Initiative (RSJI) and HSD’s commitment to funding culturally responsive services (see page 76).

HSD's Contract Management System (CMS)

CMS is used to generate, route, track, and manage contracts; approve and pay agency invoices; and report on contract status and outcome achievement. CMS is a custom application that includes budgetary controls and a comprehensive database of HSD's contracts and contractors. CMS automatically assigns contract numbers, and the CMS document production feature generates and formats contract boilerplates, exhibit templates, and most contract attachments. The contract routing function in CMS allows staff to identify the status of contracts and amendments throughout the contract routing process (see page 53 for information on how CMS is used to track contract routing and approval status).

Instructions on navigating CMS may be found on the [HSD Contract Resources](#) SharePoint site (see *Navigating CMS* under "CMS Resources"). To gain access to CMS, Program Specialists, supervisors, and other staff should contact the LAD Contracts Unit's Grants & Contracts Specialist.

The CMS document production feature should always be used for contract development to ensure that the most current boilerplate, exhibits and attachments are used – and that the information in the contract is consistent with the information in CMS. When using the CMS document production feature, CMS will merge information from the database into the document to populate the fund source, agency name, program name, contract term, and contract amount. The Program Specialist should update the templates as needed to correspond with the specific contract details and verify that the information provided from the database is accurate prior to routing the contract for review. It is also important to ensure that if changes are made in CMS after document production has occurred, the CMS-generated contract draft should be updated accordingly.

When contracts are entered in CMS the system will **automatically** assign an eight-character alphanumeric contract number (e.g. XX##-####), based on the following conventions:

- The first two characters (**XX##-####**) indicate the type of contract agreement:
 - **DA:** Project Services Agreement (PSA), Agency Services Agreement (ASA), or Agreement & Invoice (A&I)
 - **DM:** Memorandum of Agreement (MOA)
 - **DU:** Memorandum of Understanding (MOU)
 - **DC:** Consultant Services Agreement (not covered by this manual)
 - **DL:** Community Facility Loan Agreement (not covered by this manual)
- The next two characters (**XX##-####**) indicate the contract effective year and the last four characters (**XX##-####**) are the unique identifier for the contract assigned by CMS.

For example, DA16-1234 would indicate a Project Services Agreement or Agency Services Agreement effective in 2016.

DocuSign – Electronic Signature System

Typically, HSD uses DocuSign to electronically sign contracts. DocuSign is a secure web-based e-signature system which allows the contract to be routed via email to the appropriate parties to sign the contract.

Program Specialists can log into DocuSign at <https://www.docusign.net/Member>.

Please visit the [HSD Contract Resources](#) SharePoint site, under “DocuSign Resources” to review the *Navigating DocuSign* instructions, the *Quick Reference: DocuSign Signature Routing Procedures* for instructions and resources for using DocuSign, and the *DocuSign Tips* document for answers to some frequently asked questions. For technical assistance with DocuSign, please contact the Grants & Contracts Specialist in the LAD Contracts Unit.

Drafting Contracts

Types of HSD Contracts

HSD uses six primary types of contract agreements for its programmatic investments:

- Master Agency Services Agreement (MASA)
- Project Services Agreement (PSA)
- Agency Services Agreement (ASA)
- Memorandum of Agreement (MOA)
- Memorandum of Understanding (MOU)
- Agreement & Invoice (A&I)

Each type of agreement is appropriate for a different situation, so it is important to understand the scope of work and details about the contractor and investment before starting work on a contract. If you are unsure which type of contract agreement to utilize, please contact the LAD Contracts Unit for guidance.

Master Agency Services Agreement (MASA):

The Master Agency Services Agreement (MASA) is used when HSD expects to purchase services from an agency for multiple years and/or when an agency contracts with HSD to operate more than one program. Most agencies with HSD contracts also have a signed MASA. The MASA includes all of the general terms and conditions governing any contract agreement with HSD. The MASA, once signed by HSD and the contracted agency, is effective and ongoing until terminated or superseded by a subsequent edition.

The MASA is similar to an “umbrella” contract and covers any individual Project Services Agreements between HSD and an agency. The MASA does not obligate funds or describe specific services, but rather outlines the general requirements for any agency contracting with HSD; while the Project Services Agreement outlines the specific expectations and requirements of the programmatic investment.

The LAD Contracts Unit is responsible for maintaining and updating the MASA. If you are entering into a contract agreement with a new agency, please contact the Grants & Contracts Specialist in the Contracts Unit to determine if a MASA is an appropriate option. In most cases, if it is anticipated that the agency will contract with HSD in the future or for more than one program area, a MASA is appropriate. A sample MASA can be found on the [HSD Contract Resources](#) SharePoint site.

Project Services Agreement (PSA):

The Project Services Agreement (PSA) is used in conjunction with a MASA to separately authorize each individual project or programmatic investment. The PSA includes some general contract requirements, but primarily references the provisions in the MASA, which are incorporated in the PSA by reference. The PSA specifies the program, fund source, contract amount, contract terms, scope of work, reporting requirements, and any special conditions.

In order to enter into a Project Services Agreement, an agency must have a signed MASA on file with the LAD Contracts Unit. The vast majority of HSD's contracts are PSAs which are governed by a MASA.

Agency Services Agreement (ASA):

The Agency Services Agreement (ASA) is used if the contracted program and funding is not expected to be ongoing and the agency will have only one contract agreement with HSD. The ASA includes all of the contract terms outlined in the MASA. An ASA is required when the contractor does not have a MASA with HSD. CMS includes controls that prevent the development of a PSA if the agency does not have a signed MASA.

Memorandum of Agreement (MOA):

A Memorandum of Agreement (MOA) should only be used to outline an agreement between HSD and another government (city, state, federal) entity. For example, MOAs are often used to outline agreements between HSD and other City of Seattle departments. MOAs may not be used for agreements with nonprofit contractors. All MOAs must be entered into CMS and routed through the typical contract review and approval process. HSD does not currently have a template for MOAs, but the LAD Contracts Unit may be able to provide examples of recently executed MOAs upon request.

Memorandum of Understanding (MOU):

A Memorandum of Understanding (MOU) should only be used to outline an agreement between HSD and another entity when there is no exchange of funds. If an exchange of funds will occur, you must use either a MOA (if the agreement is with a governmental entity) or a contract (ASA or PSA/MASA). All MOUs must be entered into CMS and routed through the typical contract review and approval process. HSD does not currently have a template for MOUs, but the LAD Contracts Unit may be able to provide examples of recently executed MOUs upon request.

Agreement & Invoice (A&I):

The Agreement & Invoice (A&I) template may only be used for contracts of less than \$10,000. The A&I template incorporates the conditions necessary for an agreement of less than \$10,000, as well as the scope of services, budget, and reporting requirements. All A&Is must be entered into CMS and routed through the typical contract review and approval process.

An A&I is only appropriate for services that sustain the delivery of human services programs, and should only be used for programs that have limited client contact. The A&I may not be used when client information, such as the Client Profile Report, is required.

When determining whether the A&I template is appropriate for a specific contract it is important to consider the entire scope of the project. If there is any chance that the contract will be amended to add funds that will end up exceeding \$9,999.99, it is best to use the PSA template, as the A&I may not be amended to an amount in excess of \$9,999.99.

HSD's Contract Reimbursement Methods

HSD uses three primary reimbursement methods and corresponding contract templates for some exhibits and attachments.

- **Outcome-Based Reimbursement (OBR):**
A percentage of the agency's contract budget is provided as monthly base compensation and the remainder of the contract budget is tied to the agency achieving specific measurable performance commitments. See the "Expectations for Outcome-Based Contracts" (pages 35 – 37) for additional information about outcome-based contracts.
- **Unit Cost Reimbursement (UCR):**
The agency is reimbursed based upon a set unit rate for the provision of specific services, such as the number of meals served, the number of bed-nights provided, the number of hours of in-home care provided, etc. See the "Expectations for Unit Cost Contracts" (pages 38 – 40) for additional information about unit cost contracts.
- **Line Item Reimbursement (LIR):**
The agency is reimbursed for actual, allowable costs based on an approved line item budget. See the "Expectations for Line Item Contracts" (pages 41 – 43) for additional information about line item reimbursement contracts.

The reimbursement method is typically based on the type of services to be provided, the funding source requirements, and/or the level of performance accountability established by HSD. The reimbursement method is often established in a funding process (RFI, RFP or RFQ) used to determine contract awards. Therefore, it is important for the Program Specialist to be familiar with the guidelines published in the funding opportunity to ensure that the contract is consistent, if reimbursement method was specified.

Currently unit cost contracts are used when required by the fund source or for services that focus on providing units of service – such as meals or bed-nights. Line item reimbursement contracts are used when required by the fund source or grant and in other circumstances such as one-time only funding – subject to approval from the appropriate HSD Division Director. HSD is moving toward using outcome-based reimbursement contracts as the primary method of contracting out HSD General Funds. This is aligned with the efforts to move HSD toward contracting for results-based accountability.

Regardless of the method of reimbursement, all contracts have performance commitments that the agency is expected to achieve.

Overview of HSD's Contract Components

All HSD contracts will include the following components:

1. Cover Letter/Signature Memo;
2. Contract Boilerplate;
3. Exhibits; and
4. Attachments.

The document production feature in CMS should always be used to generate the cover letter/signature memo, contract boilerplate, exhibits, and attachments in order to ensure the most current HSD contracting standards and uniformity in the use of the templates provided by and for the Department.

Cover Letter/Signature Memo:

HSD uses two standard cover letter/signature memo templates for all contracts and amendments – one for contracts that will be sent and signed via DocuSign (e-signature) and one for hard copy signatures.

The Program Specialist should attach the appropriate cover letter to the contract, based on the preferred signing method, when routing the contract for review. The Program Specialist's name, phone number and email address should be included in the cover letter so that the agency knows who to contact if they have any questions about the agreement.

- The e-signature/DocuSign cover letter should always be used when the contract will be sent and signed via DocuSign. This letter provides instructions for how the agency may download and print a copy of the contract from DocuSign.
- The cover letter for hard copy signatures specifies that the agency will receive two hard copies of the contract signed by the HSD Director, one stamped "original" and one stamped "copy", and that both copies should be signed by the agency, with the "original" version returned to the LAD Contracts Unit and the "copy" maintained by the agency.

Contract Boilerplate:

Boilerplate is the term used to describe the first several pages of the contract which includes the terms and conditions that are common to all HSD contracts, and ends with the contract signature page. HSD's boilerplate is different for the Project Services Agreement (PSA) and Agency Services Agreement (ASA), as the language included in the boilerplate will be dependent on whether the agency has a Master Agency Services Agreement (MASA) with HSD – thus, it is important to identify the type of contract needed before contract development begins.

Details on the updating the contract boilerplate may be found on page 23.

Exhibits:

HSD’s Project Services Agreements (PSAs) and Agency Services Agreements (ASAs) consist of four Exhibits, which will appear in the contract after the signature page (the final page of the boilerplate):

- Exhibit A-1: Goals and Objectives
- Exhibit A-2: Performance Standards
- Exhibit A-3: Reporting Requirements
- Exhibit B: Budget and Payment

Details on each exhibit may be found on pages 24 – 33.

Attachments:

HSD’s Project Services Agreements (PSAs) and Agency Services Agreements (ASAs) will include attachments, which will appear in the contract after Exhibit B (the final exhibit). Attachments will vary by contract, but must always include the Contractor’s Invoice Form. Other typically required attachments include program status reports (monthly/quarterly), HSD’s Client Profile Report, Expenditure Reports, and other attachments required by the fund source, program area, or method of reimbursement.

Details on attachments may be found on page 34. Details on reporting requirements may be found in the Guidelines for Exhibit A-3: Reporting Requirements section on pages 28 – 31.

CMS Templates:

The CMS document production feature includes templates for contract development, under the following naming conventions:

File Name Starting With	Contract Component
0_	Award Letters & Information Packets
1_	Cover Letters / Signature Memos
2_	Boilerplates (PSA, ASA, A&I, Amendment)
3_	Exhibits
4_	Attachments
5_	Special Templates (e.g. “TLS Master Template”)
6_	Consultant-related templates

Contract Boilerplates

Updating the Contract Boilerplate

Boilerplate is the term used to describe the first several pages of the contract which includes the terms and conditions that are common to all HSD contracts, and ends with the contract signature page. HSD's boilerplates contain the standard contractual provisions required by the federal, state, and city government. In most cases, these provisions are established by the City of Seattle Law Department and are not negotiable. No changes may be made to the contract boilerplate language without approval by the City's Law Department, except for the addition of special conditions required by the fund source, program area, funding process, etc. to the Special Conditions section of the boilerplate. Program Specialists must contact the LAD Contracts Unit to discuss any agency requests to change the boilerplate language.

When using the CMS document production feature, CMS will merge information from the database into the document to populate the fund source, agency name, program name, contract term, and contract amount. The Program Specialist should verify that the information provided from the database is accurate prior to routing the contract for review. It is also important to ensure that if changes are made in CMS after document production has occurred, the CMS-generated contract draft should be updated accordingly.

The following information will need to be added to the contract boilerplate by the Program Specialist:

- **Fund Source:** Specific fund source information should be included in the "Fund Sources" section at the top of page 1. The fund source information should limit the use of acronyms when possible and should include the Catalog of Federal Domestic Assistance (CFDA) number(s) for all federal fund sources. The fund source in CMS may have been abbreviated or may be pending the CFDA number, so the Program Specialist should fill in any missing or pending details that the system may not have included.
- **Special Conditions:** Any conditions mandated by the fund source, program area, funding process, etc. should be included in the Special Conditions section of the boilerplate (Section 300 for PSAs and Section 600 for ASAs). If the special conditions will be outlined in an attachment to the contract, the Special Conditions section must reference the attachment number. If there are no special conditions, the Program Specialist should type "None" in the Special Conditions section.

Agency Information: The Program Specialist will need to input agency information regarding the authorized signer and contact information on the signature page of the contract boilerplate.

Contract Exhibits

Guidelines for Exhibit A-1: Goals and Objectives

The template for Exhibit A-1: Goals and Objectives will vary by program division. The exhibit should clearly identify the planned program investment results. The following elements should be included in Exhibit A-1:

1. Introduction

The introduction provides background information and includes the program division's investment goal and priority results, as well as a summary description of the program investment area.

2. Program Description

The program description section provides an overview of the service or program model (for example, service delivery model and components, staffing, location, days/hours of operation, etc.), participant eligibility requirements, program regulations and guidelines, and other pertinent program details. This is the “who, what, where, when and how” of the services to be delivered through the contract agreement. This section should be drafted by the Program Specialist, by consulting the agency's Information Packet submission and/or response to the funding process from which the contract resulted (if applicable).

3. Performance Commitments

The performance commitments section details the intended results of HSD's investment and the performance measures that align with the Strategic Investment Plan (SIP). HSD's Strategic Investment Plan (SIP) provides policy direction for the City's investments in human services and serves as a report card on the effectiveness of HSD's investment strategies.

Strategic Investment Plan (SIP): Currently the SIP is organized across divisions by goals, strategies, and program investment areas. However, starting in 2014 HSD has been working on revising the SIP strategy to align with the Outcomes Framework's Theory of Change (see pages 72 – 75). This SIP revision will occur incrementally as program areas are put out to bid through a competitive funding process (RFP or RFQ). During the transition period, you may see some terms used interchangeably – such as outcomes and performance measures – as we move from the previous SIP structure to the new alignment with the Outcomes Framework.

The SIP Manager approves the assignment of program investment areas to new contracts and approves all other proposed SIP changes via the SIP Changes Approval Process (see page 77).

Outcomes, performance commitments or performance measures for each contract are tied to SIP program investment areas and serve as a basis for measuring and evaluating program performance – based on the indicators that help us know whether we have achieved the desired result of HSD’s investment. Performance commitments must be specific and verifiable. Performance commitments may include outcomes and milestones, and quantity, quality and impact measures.

The basis for verifying the achievement of each outcome or milestone should be included in Exhibit A-1. Milestones include specific service levels or activities that agencies must meet or provide, such as the number of individuals who have a signed individualized service plan, the number of workshops offered, etc.

An example of the Performance Commitments section of Exhibit A-1 is included below:

PERFORMANCE COMMITMENTS

By investing in the Northwest Network’s LGBTQ Youth Program, HSD expects to ensure youth effectively transition to adulthood by achieving the following performance commitments.

SIP Investment Area Number & Name: B3D: LGBTQ Youth	
SIP Code	PERFORMANCE COMMITMENTS* (PC)
B3D1-O	40 Duplicated youth connect with street outreach, learn about community resources and receive food/hygiene items. Verification: Sign-in sheets, outreach log
	35 youth enrolled in job training program Verification: Sign-in sheets, attendance log
B3D3-O	PC #1: 28 Unduplicated homeless and at-risk LGBTQ youth develop employability skills and complete a paid internship. Verification: Attendance records, self-evaluation and supervisor evaluation documented in participant’s file

*Bolted performance commitments indicate contract payment points.

*[*Note: The statement regarding bolted performance commitments is only applicable to outcome-based and unit cost reimbursement contracts.]*

For **Outcome-Based** and **Unit Cost Reimbursement** contracts, the performance commitments identified in Exhibit A-1 (and in **bold** in the Performance Commitment chart) should correspond with the contracted performance commitments/contracted units in Exhibit B: Budget and Payment.

Guidelines for Exhibit A-2: Performance Standards

The template for Exhibit A-2: Performance Standards is standard throughout the Department. The exhibit should identify the specific performance standards to be met or followed by the agency in carrying out the contracted services. Performance standards should be simple, clear, and comprehensive.

When applicable, performance standards should refer to the pertinent state or federal regulations and should link to the source document. The LAD Contracts Unit may assist in developing a template for a specific division or program area, upon request, which includes additional performance standards. For example, ADS has requested a special template for Exhibit A-2 that adds ADS-related performance standards.

Examples of performance standards include:

- HSD contact person and primary agency contact person specified by name;
- Requirement to notify HSD of staffing changes affecting contracted services;
- Compliance with relevant federal, state, or local regulations;
- Compliance with the Master Agency Services Agreement (MASA);
- Record keeping requirements;
- Client grievance procedures;
- Staff or program licensing requirements;
- Staff and volunteer background check requirements, if applicable (see below);
- Internal quality assurance or program evaluation requirements;
- Contract or program site visit expectations (see below); and
- Other performance standards specific to the program service area or fund source/grant.

Background Checks:

Requirements for contracted agencies to conduct staff and volunteer background checks will vary by division and program service area. For example, YFE typically includes very specific background check language in contracts with agencies that will have access to youth. ADS may include background check language required by DSHS for agencies serving vulnerable adults. Program Specialists should confirm that any appropriate background check language is included in Exhibit A-2, by verifying the requirement with their manager or Division Director. The specific background check language is typically maintained in the division or staff team – and not by the Contacts Unit in CMS. However, divisions may request to have templates with this language loaded to CMS, by providing the language to the LAD Contracts Unit.

Site Visit Expectations:

If the Program Specialist plans to conduct a site visit or other contract monitoring visit during the contract period, the expectation should be specified in Exhibit A-2. The agency should be made aware of any site visit expectations when entering into the contract agreement. For example, most YFE contracts include the following statement, which Program Specialists are encouraged to adapt for their contracts:

“The City’s Program Specialist will conduct at least two (2) random and/or scheduled program site visits and reviews to ensure the Agency’s services are in compliance with contract terms and conditions. Program site visits may include discussions with the manager, lead staff, participants, observation of services and/or review of participant files and other service documentation.”

Guidelines for Exhibit A-3: Reporting Requirements

The template for Exhibit A-3: Reporting Requirements will vary by reimbursement method, with one template for line item reimbursement contracts and another for outcome-based or unit cost reimbursement contracts. The exhibit should detail the required financial and program reporting requirements, deadlines, submittal instructions, and appropriate back-up documentation. Reporting requirements should be simple, clear, and comprehensive.

When applicable, reporting requirements should refer to the pertinent state or federal regulations and should link to the source document. The LAD Contracts Unit may assist in developing a template for a specific division or program area, upon request, which includes additional reporting requirements. For example, ADS has requested a special template for Exhibit A-3 that specifies ADS-related reporting requirements.

For questions related to appropriate invoice documentation requirements, please contact the LAD Financial Management Team's Accounting & Audit Supervisor.

Report forms or templates that are referenced in Exhibit A-3 should be attached to the contract following Exhibit B, in numerical order, and Exhibit A-3 should reference the appropriate attachment number.

At a minimum, reporting requirements typically include:

1. Contract Payment Authorization Form:

The Contract Payment Authorization (CPA) form must be signed and submitted by the agency before HSD may release any payment to the agency. This is specified in the templates for Exhibit A-3. The CPA form is included as an attachment to the Information Packet that is sent to the agency with their contract Award Letter (see page 52). The CPA form must be signed and submitted for each contract that the agency has with HSD, to indicate the agency staff member(s) authorized to sign invoices on behalf of the agency for each contract. Please see page 64 for details.

2. Contractor's Invoice Form(s):

The Contractor's Invoice is used by the agency to request reimbursement for services provided. See pages 35 – 43 for details on the relevant invoice templates per reimbursement method.

- Invoice submission is typically required on a monthly basis, however some contracts allow for quarterly invoice submission.
- The last invoice of the calendar year is due by the first business day in January. This date is established by the City and HSD does not have any flexibility with this deadline. If the contract spans multiple calendar years, ensure that the final invoice deadline for each calendar year is specified.

- The Contractor's Invoice must be submitted with an original authorized agency signature.
- In addition to the Contractor's Invoice, line item reimbursement contracts must include a Contractor's Detailed Statement of Costs, and if personnel costs are included in the budget, a Contractor's Detailed Statement of Personnel Costs. Line item reimbursement contracts should also include the requirement for the agency to submit a posted general ledger (GL), income statement, or profit & loss statement with each invoice, detailing the costs to be reimbursed.
- Invoice templates are provided in CMS for contracts with between one and three fund sources.

3. Status Report:

A status report should be submitted with each invoice. This may be a monthly or quarterly report, depending on invoice frequency and program needs.

- Status reports record levels of performance and are used as back-up documentation for the invoice. Invoices cannot be approved for payment without a corresponding status report.
- General status report templates (monthly/quarterly) are provided in CMS and should be adapted by the Program Specialist to be applicable to the contract, performance commitments, and program area.

4. Expenditure Reports:

Outcome-based and unit cost reimbursement contracts require expenditure reporting every six (6) months, to determine if reimbursement to the agency was reasonable.

- For calendar-year contracts:
 - A **Mid-Year Expenditure Report** (may also be called the semi-annual expenditure report) is due by July 31, detailing all reimbursements and expenses allocated to the program from January 1 to June 30, and
 - A **Year-End Expenditure Report** (may also be called the final or annual expenditure report) is due by January 31, detailing all reimbursements and expenses allocated to the program during the contract period.
- For contracts that do not correspond with the calendar year or span multiple calendar years, expenditure reports should be required every six (6) months. The Program Specialist may need to adjust the deadlines for the semi-annual and final expenditure reports based on the contract period.
- For contracts that are less than nine (9) months, only the Year-End (or final) Expenditure Report will be required.

- For contracts of *less than* \$10,000, the Mid-Year Expenditure Report requirement will be waived; however, the Year-End Expenditure Report is still required to ensure fiscal responsibility.
- A template for the Year-End Expenditure Report should be attached to the contract and Exhibit A-3 specifies that the Mid-Year Expenditure Report will follow a similar format.
- As the expenditure reports are in Excel format, the Program Specialist will need to send the Excel version of the reports (posted on the [HSD Contract Resources](#) SharePoint site) electronically to the agency for completion.
- Line item reimbursement contracts do not require Mid-Year or Year-End Expenditure Reports, as expenditures are reported monthly on the Contractor's Detailed Statement of Costs invoice.
- If review of the final/Year-End Expenditure Report reveals that HSD's payment to the agency was 10% or \$10,000 more than the actual costs of providing the units of service or achieving the performance commitments, the agency will either 1) be instructed to repay the amount of revenue that exceeds 10% or \$10,000 of actual costs, whichever is less, to HSD (per Section 210 of the PSA or Section 270 of the ASA), or 2) be directed to utilize the excess revenue to expand services in the current contract period. Program Specialists should always consult with their supervisor and the LAD Budget Manager regarding what action to take in the case of excess revenue.
- *ADS contracts for in-home or respite care with hourly unit rates set by the fund source do not require expenditure reports.*

5. Client Profile Report:

The Client Profile Report is HSD's standard demographic report to collect data about the populations receiving HSD funded services and should be included in the reporting requirements whenever direct client services are provided, unless another data collection method is specified.

- The Client Profile Report is typically due one month after the close of the contract (i.e. January 31 for calendar-year contracts).
- HSD divisions may require such reports more frequently if needed.
- The Client Profile Report is not required if another HSD-approved data collection method is used for data reporting (e.g. Safe Harbors HMIS, ADS Data Warehouse, HUD Client Profile Report). Program Specialists should check with their supervisor if unsure whether or not to include the report requirement in the contract.
- Income Guidelines are also provided in CMS to guide the agency in reporting on client income. The federal guidelines for the year are not typically published until the end of the first quarter; therefore, calendar year contracts that are executed

in December may not include the Income Guidelines for the year covered by the contract. The Program Specialist should use their professional judgment when determining which version of the Income Guidelines to use in the contract.

Additional reports and/or data may also be requested to meet fund source or grant requirements and/or for auditing or evaluation purposes. Any additional reporting requirements that are known at the time the contract is developed should be outlined in Exhibit A-3.

Guidelines for Exhibit B: Budget and Payment

The template for Exhibit B: Budget and Payment will vary by reimbursement method (LIR, OBR, and UCR). The exhibit should specify the fund source(s), contract amount, expenditure period, reimbursement method, and schedule for reimbursing the agency. The exhibit lists the fund source(s) and amount(s) awarded to the agency by HSD for providing the services identified in Exhibit A-1: Goals and Objectives.

Contract budgets that include federal funds must specify the Catalog of Federal Domestic Assistance (CFDA) number and program name for each federal fund source.

Exhibit B specifies that budget funds may not be used for costs incurred prior to the beginning of the contract term and that unspent funds from one contract period may not be carried forward to the subsequent contract period. In all cases, continued funding is contingent upon program performance and availability of funds.

Below you will find information on specific budgetary issues that may arise. See pages 35 – 43 for details on the different budget formats per reimbursement method.

1. Maximum Compensation and Approved Reimbursement Rate:

The maximum compensation for the contract period is identified in Exhibit B. The budget may also specify a maximum monthly or quarterly program expenditure rate, depending on the program.

Always work with your division’s Finance Analyst to discuss and review budget structure.

2. Total Budget Summary:

Depending on the fund source, Exhibit B may include a total budget summary. The total budget summary displays all sources of program revenue, including those which do not pass through HSD. This budget shows other grant or donated funds that are received directly by the contractor for the operation of the program. The total budget summary is used for informational purposes to convey total program costs, and is typically used with Line-Item Reimbursement contracts.

In addition to other grant sources used by an agency to support the program, the total budget summary may include in-kind resources, such as goods and services donated to the program. If in-kind resources are used to meet a “match” requirement stipulated by a grant source, they must be included in the total budget summary.

HSD contracted funds must be readily distinguishable from the other amounts shown in the total budget summary. If the contract budget includes more than one HSD-contracted fund source, it is a good idea to add a row or column to indicate the total HSD-funded budget commitment – to differentiate HSD funds from other funds received directly by the contractor.

3. Generated Revenue/Program Income:

Generated revenue or program income refers to income earned by the agency as a direct result of contract-funded activities. This includes client fees or donations toward the cost of the contract-funded services and sale of commodities when they are grant supported. General agency donations and fundraising are not included in this definition.

Generated revenue or program income should be included in the total budget summary, if:

- the income is received regularly (e.g., daily, weekly, monthly),
- the amount is predictable (e.g., \$1.00 per meal), or
- the generated revenue or program income is used as a required match for a grant.

If the program is funded by the U.S. Department of Housing and Urban Development (HUD), regulations require that all generated revenue or program income must be reported separately and must be used by the agency in carrying out planned performance before further HUD funds are drawn.

For contracts with potential or budgeted generated revenue or program income, Exhibit B should include one of the following statements:

- For budgeted generated revenue or program income: “The generated revenue or program income estimate in this budget is based on _____ (state the basis for the estimate, such as an average participant contribution of a specified amount). Actual income collected may fluctuate; however, the Agency shall in all instances be required to report all actual versus estimated revenue.”
- For non-budgeted generated revenue or program income: “Any revenue generated from contract-funded activities shall be reported and deducted from the reimbursement request on a monthly basis.”

CMS includes a “Generated Funds” form to use as an attachment to the contract when applicable.

4. Interchangeable Fund Sources:

If there are multiple fund sources that can be used interchangeably, it is ok to combine the fund sources into one column in the budget – but, only if the funds sources can be used interchangeably. This typically only applies to grant funded contracts in ADS. In such cases, the contract would specify a combined amount for the fund sources, versus an exact amount per each fund source. This allows HSD to maximize its grant funding by changing the amount per fund source during the contract year without the need to amend the contract.

Contract Attachments

Attachment Guidelines

All attachments to the contract should appear in numerical order after Exhibit B: Budget and Payment (the final exhibit). The appropriate attachment number should appear in the header of the attachment. Program Specialists should add specific agency information and basic contract details (e.g. agency name and contact person, contract number and period, etc.) to the attachments and update the templates as appropriate to match the contract expectations.

All of the required report forms or templates referenced in Exhibit A-3: Reporting Requirements or any attachments referenced in the Special Conditions section of the contract boilerplate (Section 300 for PSAs and Section 600 for ASAs) should be included in the contract as attachments.

Typical attachments include:

- **Contractor's Invoice Form(s)**
 - Line item reimbursement contracts also require the Contractor's Detailed Statement of Costs, and if personnel costs are included in the budget, a Contractor's Detailed Statement of Personnel Costs.
- **Status Report**
 - Monthly or Quarterly, based on program needs
- **Year-End Expenditure Report Template**
 - For outcome-based and unit cost contracts only.
 - This template serves as the expectation for both the Mid-Year and Year-End Expenditure Reports, according to Exhibit A-3.
- **HSD's Client Profile Report**
 - See page 30 for more information on when the Client Profile Report is required.
- Additional information and/or reporting requirements required by the program and/or fund source; for example:
 - Income Guidelines
 - Data Security Requirements
 - Generated Funds Form
 - Monthly Matching Funds Report
 - Gift Card Policy
 - Position Change Form
 - Safe Harbors HMIS Requirements
 - Contractor's Disbursement Invoice
 - HSD's Commitment to Funding Culturally Responsive Services
 - Conditions required by the fund source or grant

Expectations by Reimbursement Method

Expectations for Outcome-Based Reimbursement Contracts

An outcome-based reimbursement (OBR) contract is an agreement to purchase specific performance commitments from an agency at a specified price. A percentage of the agency’s contract budget is provided as monthly base compensation and the remainder of the contract budget is tied to the agency achieving specific measureable performance commitments.

Base Compensation: In outcome-based contracts, the base compensation is a percentage of the agency’s budget allocation (typically 70 – 90%) provided to the agency in monthly installments, usually in equal amounts per month.

Performance Commitment Compensation: The remainder of the agency’s budget allocation (typically 10 – 30%) is tied to the achievement of specified performance commitments – outlined in Exhibit A-1: Goals and Objectives, and reflected in Exhibit B: Budget and Payment, which outlines the method of payment.

The amount the agency is compensated for achievement of the performance commitments should be reasonable and:

- established through a competitive funding process;
- negotiated based on a line item budget; or,
- based on the fair market rate when there is a generally established rate for the service(s) being purchased or provided.

The typical HSD contract includes the following components and the chart below indicates the component that is specific to outcome-based reimbursement contracts:

Contract Component	Specific Instructions for OBR Contracts
Contract Boilerplate	Use standard template
Exhibit A-1: Goals and Objectives	Use standard template <u>for your division</u> : <ul style="list-style-type: none"> • <i>Performance Commitment Chart</i> should specify that bolded performance commitments indicate contract payment points and those performance commitments should correspond with the contracted performance commitments in Exhibit B (see page 25).
Exhibit A-2: Performance Standards	Use standard template
Exhibit A-3: Reporting Requirements	Use OBR-UCR version of Exhibit A-3
Exhibit B: Budget and Payment	Use OBR version of Exhibit B: <ul style="list-style-type: none"> • Indicate base compensation rate, frequency, and maximum reimbursable amount for base compensation. • Indicate performance commitment(s) quantity, compensation rate per performance commitment,

	and maximum reimbursable amount for all performance commitments.
Attachments	<p>Attachments <u>specifically required for OBR contracts</u> (additional standard attachments may be required):</p> <ul style="list-style-type: none"> • OBR version of Contractor’s Invoice Form; • Monthly Status Report, to be submitted with each invoice as verification of performance commitment achievement; • Year End Expenditure Report Template; • Client Profile Report and Income Guidelines.

Adjustments Due to Rounding: The maximum reimbursable amount for base compensation and performance commitment compensation in an outcome-based reimbursement contract may need to be adjusted or rounded, based on the total dollars available in the contract budget.

- In cases where the contracted quantity of monthly base compensation installments or performance commitments, multiplied by the compensation rate is greater than the maximum reimbursable amount, an invoice (such as the final invoice) will need to be adjusted so HSD does not pay the agency more than the maximum reimbursable amount.
- This is because the agency will submit an invoice based on the quantity multiplied by the rate, versus based on the maximum reimbursable amount.

When reasonable, it may be helpful to adjust the compensation rate slightly so the actual calculation is slightly higher than the maximum reimbursable amount.

- In this case, the maximum reimbursable amount will be decreased (from the actual calculation) and the agency will be able to earn the maximum contract budget if all performance commitments are achieved (whereas if the actual calculation is less than the maximum reimbursable amount, there will be a portion of the total contract budget for which the agency will not be able to bill even if all performance commitments are achieved.)
- Any adjustments or rounding must occur in the multiplication of base pay or performance commitments. Addition of the base pay and performance commitment amounts must always be exact.

Example:

Let’s say you have a total contract budget of **\$200,152.00** and 80% of that total (\$160,121.60) will be paid in base compensation over 12 months, while the other 20% (\$40,030.40) will be paid based on the achievement of the performance commitments.

	Contracted Quantity	Contracted Rate	Actual Calculation	Maximum Reimbursable Amount for Contract (Adjusted)	Notes
Base Pay	12	\$13,343.47	\$160,121.64	\$160,121.60	Adjusted down by \$0.04
PC #1	15	\$1,254.29	\$18,814.35	\$18,814.30	Adjusted down by \$0.05
PC #2	10	\$1,240.94	\$12,409.40	\$12,409.40	Not adjusted
PC #3	7	\$1,258.10	\$8,806.70	\$8,806.70	Not adjusted
Total			\$200,152.09	\$200,152.00	Addition of the “Maximum Reimbursable Amount” column equals the contract total exactly.

When the agency submits an invoice, they will be billing based on the *actual calculation* (quantity multiplied by rate), so in this example if the agency achieves all performance commitments, the final invoice would be adjusted to pay \$0.04 less in monthly base pay and \$0.05 less for PC #1.

The Exhibit B: Budget and Payment template for outcome-based reimbursement contracts includes the following statement to account for potential rounding or adjustments:

“Maximum reimbursable amounts are based on the total contract budget. Some rounding or adjustment may occur and in cases where the quantity multiplied by the compensation rate is greater than the maximum reimbursable amount, compensation shall not exceed the maximum reimbursable amount indicated.”

Program Specialists should work with their Finance Analyst to develop an appropriate budget, and may contact the LAD Contracts Unit for guidance as needed.

Expectations for Unit Cost Reimbursement Contracts

A unit cost reimbursement (UCR) contract is an agreement to purchase services from a contractor at a specified rate for each unit of service provided. The agency is reimbursed based upon the set rate for the provision of specific services, such as the number of meals served, the number of bed-nights provided, the number of hours of in-home care provided, etc.

Unit cost contracts should be used only when specific service definitions and standards have been negotiated with the provider or set by the fund source. The unit rate should be reasonable and:

- established through a competitive funding process;
- set by the fund source;
- negotiated based on a line item budget; or,
- based on the fair market rate when there is a generally established rate for the service(s) being purchased or provided.

The typical HSD contract includes the following components and the chart below indicates the component that is specific to unit cost reimbursement contracts:

Contract Component	Specific Instructions for UCR Contracts
Contract Boilerplate	Use standard template
Exhibit A-1: Goals and Objectives	Use standard template for your division: <ul style="list-style-type: none"> • <i>Performance Commitment Chart</i> should specify that bolded performance commitments indicate contract payment points and those performance commitments should correspond with the contracted units in Exhibit B (see page 25).
Exhibit A-2: Performance Standards	Use standard template
Exhibit A-3: Reporting Requirements	Use OBR-UCR version of Exhibit A-3
Exhibit B: Budget and Payment	Use UCR version of Exhibit B: <ul style="list-style-type: none"> • Indicate the number of contracted units, compensation rate per unit, and maximum reimbursable amount.
Attachments	Attachments <u>specifically required for UCR contracts</u> (additional standard attachments may be required): <ul style="list-style-type: none"> • UCR version of Contractor’s Invoice Form; • Monthly Status Report, to be submitted with each invoice as verification of units of service provided; • Year End Expenditure Report Template; • Client Profile Report and Income Guidelines.

Adjustments Due to Rounding: The maximum reimbursable amount in a unit cost reimbursement contract may need to be adjusted or rounded, based on the total dollars available in the contract budget.

- In cases where the contracted quantity of units, multiplied by the compensation rate per unit is greater than the maximum reimbursable amount, an invoice (such as the final invoice) will need to be adjusted so that HSD does not pay the agency more than the maximum reimbursable amount.
- This is because the agency will submit an invoice based on the quantity multiplied by the rate, versus based on the maximum reimbursable amount.

When reasonable, it may be helpful to adjust the number of contracted units or compensation rate slightly so the actual calculation is slightly higher than the maximum reimbursable amount.

- In this case, the maximum reimbursable amount will be decreased (from the actual calculation) and the agency will be able to earn the maximum contract budget if all performance commitments (contracted units) are achieved (whereas if the actual calculation is less than the maximum reimbursable amount, there will be a portion of the total contract budget for which the agency will not be able to bill even if all performance commitments are achieved).
- Any adjustments or rounding must occur in the multiplication of the contracted units. Addition of the contracted units must always be exact.

Example:

Let's say you have a total contract budget of **\$20,703.00** to provide about 4,800 meals at an approximate rate of \$4.31 per meal.

	Contracted Quantity	Contracted Rate	Actual Calculation	Maximum Reimbursable Amount for Contract (<i>Adjusted</i>)	Notes
Option 1	4,800 meals	\$4.31	\$20,688.00	\$20,703.00	Adjusted up, so agency will leave \$15 on the table.
Option 2	4,804 meals	\$4.31	\$20,705.24	\$20,703.00	Adjusted down by \$2.24.
Option 3	4,800 meals	\$4.32	\$20,736.00	\$20,703.00	Adjusted down by \$33.00.

When the agency submits an invoice, they will be billing based on the *actual calculation* (quantity multiplied by rate,) so in this example Options 2 and 3 are the preferred options.

- In Option 1, \$15.00 of the total contract budget would never be achievable and would be left unspent.

- In Option 2, if the agency serves **4,804** meals (contracted units increased by 4 meals) they will be able to invoice HSD for the total contract budget of \$20,703. In this case, the final invoice would be adjusted to pay \$2.24 less than the actual calculation of meals per rate.
- In Option 3, if the agency serves 4,800 meals at **\$4.32** per meal (rate per meal increased by \$0.01) they will be able to invoice HSD for the total contract budget of \$20,703. In this case, the final invoice would be adjusted to pay \$33.00 less than the actual calculation of meals per rate.

The Exhibit B: Budget and Payment template for unit cost reimbursement contracts includes the following statement to account for potential rounding or adjustments:

“Maximum reimbursable amounts are based on the total contract budget. Some rounding or adjustment may occur and in cases where the quantity multiplied by the compensation rate is greater than the maximum reimbursable amount, compensation shall not exceed the maximum reimbursable amount indicated.”

Program Specialists should work with their Finance Analyst to develop an appropriate budget, and may contact the LAD Contracts Unit for guidance as needed.

Expectations for Line Item Reimbursement Contracts

In a line item reimbursement (LIR) contract – which may also be referred to as a “cost reimbursement” contract – the agency is reimbursed for the actual, allowable costs of providing the contracted services, based on a negotiated line item budget.

Line item reimbursement contracts are used when required by the fund source and in other circumstances, subject to approval from the appropriate HSD Division Director, such as one-time only funding.

The line item budget included in Exhibit B should be displayed according to the Bars Classification of Expenditures by Object Guidelines, which can be found on the [HSD Contract Resources](#) SharePoint site, under [Other Contract Resources & Forms](#) (see “Finance-Related Contract Information”).

Be sure to review the “Guidelines for Exhibit B: Budget and Payment” section of the manual on pages 32 – 33 for additional requirements and details on special circumstances.

Fund Source/Grant Requirements: It is the Program Specialist’s responsibility to ensure that only allowable costs, based on fund source or grant requirements, are included in the contract budget and that all fund source/grant requirements are incorporated. Program Specialists should review the fund source or grant requirements for information regarding allowable and unallowable costs. If additional information is needed, the Program Specialist should contact the LAD Financial Management Team’s Accounting & Audit Supervisor.

- **HUD:** Line item reimbursement contracts typically must be used for contracts that include HUD funding.
- **CDBG:** Program Specialists who have contracts that include Community Development Block Grant (CDBG) funds should carefully review the additional fund source requirements outlined on HSDWeb (<http://hsdprodweb1/inweb/contracts/federal.htm>).
- **CFDA Numbers:** Contract budgets that include federal funds must specify the Catalog of Federal Domestic Assistance (CFDA) number and program name for each federal fund source on the first page of the contract boilerplate, in Exhibit B, and on the contract invoice.

Personnel Services: Any line item reimbursement contract that includes personnel services (salaries/wages and benefits) costs in the budget, must include a Personnel Detail Budget as part of Exhibit B. The Personnel Detail Budget must outline the staff positions, number of hours and/or full time equivalency (FTE) rate, and the hourly rate for each staff position included in the contract budget. When FTE rate is included, the Personnel Detail Budget should specify the number of hours per week on which the FTE rate is based (e.g. 40 hours/week). The Contractor’s Detailed Statement of Personnel Costs invoice form must be attached to the contract whenever personnel services are included in the budget.

Indirect Costs: HSD policy places a fifteen percent (15%) cap on reimbursement for agency indirect costs, based on the total contract budget. Restrictions related to federally approved rates and grant sources still apply. If Exhibit B indicates that the agency has a federally approved indirect rate, the Program Specialist should request that the agency submit documentation of the federally approved rate and the documentation should be maintained in the Program Specialist’s contract file. HSD’s 15% cap on indirect costs applies even if the agency has a federally approved indirect rate that is higher than 15%.

Allowable Costs: It is the responsibility of the Program Specialist, in coordination with their manager and Finance Analyst, to ensure that only allowable costs are included in the contract budget. Fund source or grant requirements often specify allowable and unallowable costs, which must be incorporated into the contract. HSD will make the final decision regarding allowable and unallowable costs in a contract budget. For questions about allowable costs, please contact the LAD Financial Management Team’s Accounting & Audit Supervisor.

Capital Equipment: Capital equipment (or items costing \$5,000 or more per item or computer equipment over \$1,000 with a useful life of one (1) year or more) purchased under a line item reimbursement contract remains the property of the federal or state government, or of the City, depending upon the source of funds used to purchase the equipment. Inventory control must be maintained by the contracted agency and monitored by the HSD Program Specialist. It is important for Program Specialists (and managers and Finance Analysts) to identify when capital equipment purchases are included in the line item reimbursement budget and to outline this expectation in the contract.

Invoices/Detailed Statement of Costs: The Program Specialist must fill in the invoice templates for the Contractor’s Detailed Statement of Costs and Contractor’s Detailed Statement of Personnel Costs, to include a list of the line item cost categories, descriptions, and the corresponding budget amounts. If costs will be invoiced under the “Miscellaneous” line item, the invoice or back-up documentation submitted should itemize the miscellaneous expenses.

The typical HSD contract includes the following components and the chart below indicates the component that is specific to line item reimbursement contracts:

Contract Component	Specific Instructions for LIR Contracts
Contract Boilerplate	Use standard template
Exhibit A-1: Goals and Objectives	Use standard template <u>for your division</u> : <ul style="list-style-type: none"> • Delete the statement under the Performance Commitment Chart that specifies that bolded performance commitments indicate contract payment points, as this is not applicable to LIR contracts.
Exhibit A-2: Performance Standards	Use standard template
Exhibit A-3: Reporting Requirements	Use LIR version of Exhibit A-3

<p>Exhibit B: Budget and Payment</p>	<p>Use LIR version of Exhibit B:</p> <ul style="list-style-type: none"> • The budget should clearly identify the HSD fund source(s) and provide detail on the source of any other funds that are outlined in the total budget summary (see page 32 for details on the total budget summary). • Ensure that the appropriate budget “footnotes” are included for 1) other sources of funding, 2) other employee benefits, 3) itemized operating supplies, 4) itemized professional services, 5) itemized miscellaneous expenses, and 6) administrative/indirect costs. • Ensure that the contractor’s indirect costs do not exceed 15% of the total contract budget. • If the agency has a federally approved indirect rate, it should be indicated in Exhibit B. • If personnel salaries/wages and/or benefits are included in the budget, a Personnel Detail Budget must be included in Exhibit B. • If federal funds are included, the CFDA number must be identified in Exhibit B.
<p>Attachments</p>	<p>Attachments <u>specifically required for LIR contracts</u> (additional standard attachments may be required):</p> <ul style="list-style-type: none"> • LIR version of Contractor’s Invoice Form (with CFDA number if federal funds are included); • Contractor’s Detailed Statement of Costs; • Contractor’s Detailed Statement of Personnel Costs (if personnel costs included in budget); • Monthly Status Report, to be submitted with each invoice as verification of services provided; • Client Profile Report and Income Guidelines.

Contract Formatting

Formatting Expectations

HSD strives for standard formatting of contracts when possible. Using the templates provided in CMS will help to ensure that formatting standards are applied to your contract. Additionally, this section provides formatting tips for Program Specialists.

1. Contract Content:

All contract language and content should be included within one of the three primary contract components (see pages 21 – 22):

- i. Contract Boilerplate, such as the Special Conditions section;
- ii. Exhibits, or
- iii. Attachments.

The contract should not include language outside of these components. For example, no contract language should be inserted between the signature page and Exhibit A-1.

2. Standard Font:

HSD's standard font for contracts is Verdana, size 11.

3. Contract Footers:

The footer should include the **contract number** and **page number** placed at the bottom right hand corner of each page of the contract, starting with page one of the contract boilerplate and ending with the last attachment. The standard footer font is Verdana, size 8.

The boilerplate and each exhibit should also include the name of the specific contract component placed at the bottom left hand corner of each page of the specific component. For example, the footer on each page of the boilerplate should reference the applicable boilerplate used (e.g. "Project Services Agreement"), the footer on each page of Exhibit A-1 should state that it is Exhibit A-1, the footer on each page of Exhibit A-2 should state that it is Exhibit A-2, and so on.

Using the templates in CMS will help to ensure that the appropriate footer appears on each specific component of the contract.

Footer Example:

PROJECT SERVICES AGREEMENT
2_PSA.rtf
Revised: 10/01/2015

DA16-7777
Page 1

Tip: Prior to routing your contract for review, check to ensure that your page numbering is correct and sequential on each page.

4. Attachment Headers:

Only the attachments to the contract require a header. Attachment headers should be added to the upper right hand corner of each attachment page, indicating the appropriate and sequential attachment number. The standard header font is Verdana, size 8.

Attachment Header Example:



5. Numbering/Bullets:

Program Specialists are encouraged to use the bullet and numbering functions available in MS Word to help with formatting and for ease of reading. When using the numbering function, please ensure that the numbering is sequential (for example, in Exhibit A-2: Performance Standards).

There are only two sections of a standard Project Services Agreement (PSA) contract where numbering or lettering is required to be consistent across the Department:

- The PSA contract boilerplate “Section 230. Termination and Suspension” should be lettered “A – F”; and
- Exhibit A-2: Performance Standards should be numbered.

When developing an Agency Services Agreement (ASA), the lettering and numbering must consistently match the template provided. Program Specialists should not make any changes to the lettering and numbering in the ASA boilerplate.

6. CMS Contract Generation – Single Line Spacing:

When generating any contract documents in CMS, please ensure that your MS Word settings are set to Single Line Spacing. If your settings default to multiple line spacing, the formatting of the templates will not appear correctly. Instructions for setting Single Line Spacing as your default in Word, and for correcting spacing if you have already generated a document from CMS with your Word default set to Multiple Line Spacing, can be found on the [HSD Contract Resources](#) SharePoint site, under [CMS Resources](#).

Contract Amendments

When Contracts Should Be Amended

A contract amendment is required to change the terms and conditions of an executed contract. Examples of changes that require a contract amendment include:

- An increase or decrease to the contract budget;
- A change in the unit rate for reimbursement;
- A change in the contract period;
- A change to the contracted performance commitments, planned service levels or milestones;
- A change to the target population or eligibility criteria;
- A change to the performance standards, reporting requirements, or report forms;
- Changes to line items within the budget of a line item reimbursement contract, if the change is beyond the flexibility allowed in the agreement.
 - The template for Exhibit B: Budget and Payment for line item reimbursement contracts permits transfers between major budget categories (i.e. Personnel Services, Supplies, and Other Services & Charges) of up to a cumulative total of 10% of the lesser budget category, without a formal contract amendment.
 - For example, in a contract budget with \$10,000 budgeted in the Personnel Services major budget category and \$20,000 budgeted in the Other Services & Charges major budget category, up to \$1,000 may be transferred between these areas without a formal contract amendment. In this example, Personnel Services is the lesser budget category since \$10,000 is budgeted vs. the \$20,000 budgeted in the Other Services & Charges budget category.

Although most contract revisions require an amendment, the contract agreement reserves the right of the City to make certain changes – such as changes to the fund source – without a formal contract amendment.

How Contracts Are Amended

It is important to note that the requirements of contract amendments will vary based upon the purpose of the amendment and the components of the contract that will be amended. To amend a contract, be sure to work from the executed version of the contract or the latest amendment (if the contract has been amended previously). Complete the following steps:

1. Negotiate the revised terms and conditions with the contracted agency.
 - Ensure that any changes are in alignment with the fund source requirements or the requirements outlined in the funding process (RFI, RFP, RFQ) through which the contract was awarded.
2. On the General Info screen in CMS, click the “Create Amendment” button and complete the information requested on the screen:

- Clearly describe the amendment purpose;
 - Make any changes to the contract term and/or budget amount; and
 - Enter the amendment effective date (may not be later than the contract end date).
3. Use the CMS document production feature to generate the standard Services Agreement Amendment template (“2_Amendment”). When using the document production feature, CMS will automatically complete several sections of the amendment template, including the purpose of the amendment.
- The signature page of the amendment must include language other than the signature lines (a contracting best practice and HSD’s policy for all contracts and amendments), so the Program Specialist should move some of the amendment language from the first page onto the second page to prevent the signature lines from appearing alone on the page.
4. Ensure that the purpose of the amendment is clear and that all revisions are identified in the contract amendment. If the revision is relatively simple, the sections to be amended may be summarized and the revision may be shown in the body of the contract amendment template. If the revision involves changes in a number of areas throughout the contract, it is preferable to revise and attach the amended contract exhibits and/or attachments.
- The amendment should clearly state which sections of the contract are being amended.
 - Each section amended should be specifically called out on the amendment template, using the “**Amend:**” and “**To Read:**” format. Use “**To Add:**” if the amendment adds an entirely new section, exhibit or attachment.
 - Revise contract exhibits and attachments as appropriate to include all necessary changes and attach to the amendment template.
 - Only the contract language that is being amended needs to appear in the contract amendment, unless an entire exhibit or attachment will be amended and attached to the amendment template.
 - When revising contract language, an exhibit, or an attachment, the Program Specialist should include the original language or exhibit/attachment name in the “**Amend:**” section and specify the effective date of the original language/exhibit/attachment at the end of the “**Amend:**” section – based on the start date of the contract or effective date of the latest amendment. Similarly, the end of the “**To Read:**” or “**To Add:**” sections should specify the effective date and amendment number of the current amendment.
 - For example, a contract effective 1/1/2016 and amended for the first time on 7/1/2016 to change Exhibit B: Budget and Payment and the Contractor’s Invoice Form, may read:

Amend:

Exhibit B: Budget and Payment
Contractor's Invoice Form, Attachment 1
Dated 1/1/2016

To Read:

Exhibit B: Budget and Payment
Contractor's Invoice Form, Attachment 1
Dated 7/1/2016, noted as Amendment #1

(In this example, the revised Exhibit B: Budget and Payment & Contractor's Invoice Form would be attached to the amendment template – after the signature page.)

If the contract has been amended previously, and the same language, exhibit or attachment will be amended again, the “**Amend:**” section should end by indicating the date of the last amendment and note the amendment number (for example, “Dated 7/1/2016, Noted as Amendment #1”).

If the contract has been amended previously and the current amendment is amending *both* original contract language and language from a prior amendment, this should be indicated separately. For example, the “**Amend:**” section for the original contract language will end with “Dated 1/1/2016” and the language from the prior amendment and will end with “Dated 7/1/2016, Noted as Amendment #1”.

- Exhibit and attachment numbers should be maintained throughout the amendment process. For example, if you will be amending the Contractor's Invoice and it was Attachment #4 in the original contract, it should remain Attachment #4 in the amendment – regardless of the number of attachments included in the amendment.
- When the contract amount is increased or decreased, the amount of the change by fund source must be specified and the new contract total should be stated in the “Purpose of Amendment” section. Ensure that the budget amount is updated in CMS and amend Section 200. Payment, Exhibit B: Budget and Payment, and all related invoice attachments.
- If the amendment changes the contract budget, but does not change the total contract amount, this should be stated in the “Purpose of Amendment” section. For example, if specific line items in a line item reimbursement contract will be amended, but the total budget remains the same, state: “Total contract budget remains unchanged.” In this case you do not need to amend Section 200. Payment. Only Exhibit B: Budget and Payment and any related invoice attachments must be amended.

- If Performance Commitments will be amended, you may replace Exhibit A-1: Goals and Objectives entirely, or indicate that only the Performance Commitments in Exhibit A-1 will be amended. For outcome-based and unit cost reimbursement contracts, ensure that the amendment to the Performance Commitments is also reflected in Exhibit B: Budget and Payment and the invoice, as appropriate.
- If the contract period will be amended, be sure to amend Section 100. Term and Scope of Services and state: “**To Add:** All references to the contract period throughout the agreement, including all Exhibits and Amendments, are amended to read <Start Date> to <End Date>” (indicating the amended start and end dates). Ensure that the effective dates are updated in CMS. This should also be used to terminate a contract, and the amendment should indicate that the purpose is to terminate the contract as of the stated effective date.

If multiple contracts across a program area require amendment, the Program Specialist may wish to develop a template for review and approval by the LAD Contracts Unit before generating the documents in CMS. Please contact the Contracts Unit for assistance.

Formatting Expectations for Amendments

When the CMS document production feature is used to generate the amendment template, the document will include some automatic formatting. The Program Specialist should follow the standard formatting expectations for attachment *headers* (see page 45) for amendments. However, when exhibits or attachments are added manually, the Program Specialist will need to ensure that the following formatting is applied to the *footer*:

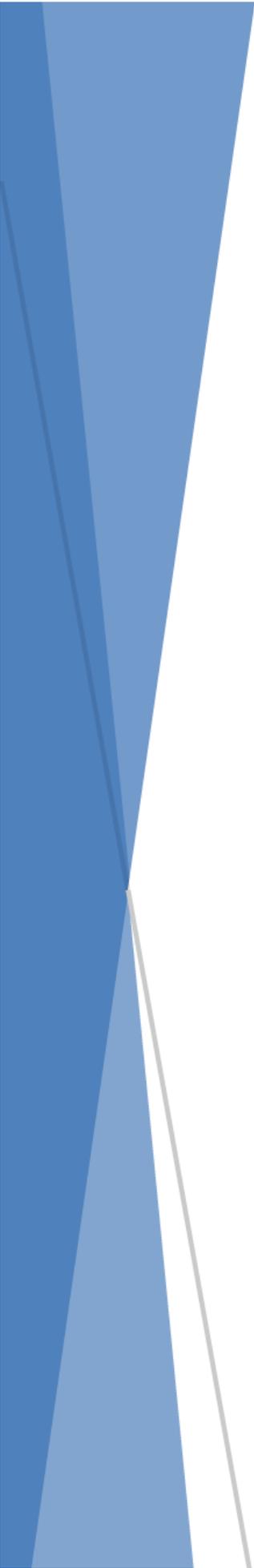
Amendment Footers:

The footer should include the **contract number**, **amendment number**, **amendment effective date**, and **page number**, placed at the bottom right hand corner of each page of the amendment, starting with page one of the amendment and ending with the last attachment.

Amendment Footer Example:

3_Exhibit_B_LIR

DA16-7777, Amendment #1, effective 07/01/2016
Page 2



SECTION III: CONTRACT DEVELOPMENT & APPROVAL PROCESS

HSD's Contracting Process

CMS Contract Upload

On an annual basis, following the Mayor's budget announcement in the fall, the HSD Financial Management Team's Grants Management Unit (GMU) in coordination with the Information Technology staff supporting HSD will complete and test a contract upload to the Contract Management System (CMS). This upload will "clone" any contract renewals that are included in HSD's overall contract/budget plan. This contract upload is the first step in kicking-off "contract season" for contracts starting January 1st of the upcoming year. **The contract upload must occur before agency award letters, information packets and contracts can be generated from CMS.**

The Grants Management Unit will notify Program Specialists and supervisors/managers when the contract upload is complete and if any budget changes are required after the contract upload has occurred (in which case the Finance Analyst from the Grants Management Unit will update the budget in CMS and ensure accuracy).

If a contract was cloned as part of the annual contract upload, some of the contract details will already be in CMS and should be verified by the Program Specialist. Program Specialists should not clone a contract without first ensuring that it does not already exist in CMS.

Creating New Contracts

For new contracts throughout the year or contracts that were not cloned or included as part of the annual contract upload, the Program Specialist will need to follow the instructions in the "Navigating CMS" guide on the [HSD Contract Resources](#) SharePoint site (under [CMS Resources](#)) to create a new contract in CMS. The Program Specialist will need to coordinate with the Finance Analyst for their division to ensure that the CMS Finance screen is updated appropriately with the funding amount, fund source and appropriate coding before contract development may occur.

A Program Area Strategic Investment Plan (SIP) code must be assigned to the CMS Outcomes screen before the system will allow contract routing to begin on the Contract Routing screen of CMS. The Program Specialist must submit the "SIP Routing Slip for Approval of Proposed Changes" (found on the [HSD Contract Resources](#) SharePoint site, under [SIP](#)) to be approved by their manager, division director and the HSD SIP Manager to request to have the new contract assigned to the appropriate Program Area SIP code. Once the SIP Manager approves the request, it will be forwarded to the LAD Contracts Unit to enter the Program Area in CMS. The Contracts Unit will notify the Program Specialist once the Program Area has been entered in CMS. The Program Specialist will then be able to enter outcomes and milestones in the Outcomes screen and print the Contract Routing Slip from the Contract Routing screen to begin the contract routing process.

For additional information on the Strategic Investment Plan and SIP requests, see page 77.

Agency Award Letters & Information Packets

The LAD Contracts Unit will draft a template for agency Award Letters and Information Packets for approval (and electronic signature) by the HSD Director. The Contracts Unit will typically provide two sets of Award Letters and Information Packets throughout the year – one for contracts starting January 1st and another for contracts starting July 1st. Once the templates for the Award Letters and Information Packets are approved by the HSD Director, the Contracts Unit will load the templates to CMS and notify the Program Specialists that the templates are available for generation.

The Program Specialist should not generate the Award Letters and Information Packets from CMS until the CMS contract upload is complete (the LAD Contracts Unit will send a notification to all Program Specialists once this occurs).

Once the contract upload is complete and the templates for the upcoming year's Award Letters and Information Packets have been loaded to CMS by the Contracts Unit, the Program Specialist will generate a contract Award Letter and Information Packet from CMS to send to the agency. CMS will pre-populate some of the agency's contract information, such as the total award amount and fund source(s), which is why it is important to wait to generate the Award Letter and Information Packet until the contract upload is complete.

The Program Specialist should either mail or email the Award Letter and Information Packet to the agency. If the Award Letter and Information Packet has been mailed to the agency, the Program Specialist should follow-up with an email to the agency to send any attachments that may need to be completed electronically – such as the agency's overall budget and personnel detail which may be completed in Excel. An Excel version of the budget is available on the [HSD Contract Resources](#) SharePoint site.

The Information Packet should be completed and returned by the agency to the Program Specialist. This packet includes details on the language to include in Exhibit A-1: Goals and Objectives, as well as the agency's proposed program budget and personnel detail, which will help the Program Specialist to develop the agency's contract.

Contract Boilerplates & Templates

The LAD Contracts Unit will update the templates for all contract boilerplates, exhibits and attachments that are available in CMS annually, or as needed, based on the needs of the Department. The Contracts Unit will notify all Program Specialists once all template updates have been completed and loaded to CMS. The Contracts Unit will also notify all Program Specialists whenever changes are made to the available templates.

The document production feature in CMS should always be used to generate the contract boilerplate, exhibits, and attachments in order to ensure the most current HSD contracting standards and uniformity in the use of the templates provided by and for the Department.

Additional information on HSD's contract boilerplates and templates can be found on page 21.

Contract Development

Once the Program Specialist receives the completed Information Packet from the agency, contract development can begin. The Program Specialist should work with their supervisor/manager to ensure that the contract's outcomes, milestones and performance commitments reflect the goals of the investment area and that the contract reflects the appropriate fund source or grant requirements. Please see page 70 for details regarding how contract development should fit into HSD's investment strategy.

Routing for Review & Approval in CMS

Once the Program Specialist finalizes the draft contract it is ready to route for review and approval. An overview of the contract routing and approval process can be found on pages 56 - 59.

HSD uses the Contract Routing screen of CMS to track the status of each contract routed through the review and approval process. This screen mirrors the Contract Routing Slip, which should be printed from CMS by the Program Specialist and attached to the contract when it is routed for review and approval. Upon review and approval of the contract, each reviewer will approve the contract in the CMS Contract Routing screen and sign the routing slip, prior to routing the contract to the next reviewer (or back to the Program Specialist for corrections). Comments may be added to the Contract Routing screen under the "View/Edit Comments" field.

When completing the Contract Routing screen in CMS, the Program Specialist's name should automatically populate with the name of the Program Specialist listed on the General Info screen for that contract. The Program Specialist will then select their direct supervisor and the division's Finance Analyst from the drop down menu.

CMS will allow the Program Specialist to select "Other Approval" to insert an additional reviewer in the approval process. This may be used, for example, to add the division director or to record

peer review. Some units use this option for when a peer reviewer will help to ensure that the contract complies with specific fund source requirements.

Contract Packet/Components for Routing

When routing a contract for review and approval, the following components should be included in the hard copy of the contract packet:

- HSD Contract Routing Slip (generated from the CMS Contract Routing screen)
- Cover Letter
- Contract Boilerplate
- Exhibit A-1: Goals and Objectives
- Exhibit A-2: Performance Standards
- Exhibit A-3: Reporting Requirements
- Exhibit B: Budget and Payment
- Attachments, which at minimum typically include:
 - Contractor's Invoice Form(s)
 - Monthly Status Report
 - Year-End Expenditure Report (for OBR and UCR contracts only)
 - Client Profile Report

Other attachments should be included based upon the requirements of the program area or grant/fund source. Additional attachments that are available in CMS include:

- Contractor's Detailed Statement of Costs (for 1 – 3 fund sources)
- Contractor's Detailed Statement of Personnel Costs
- Contractor's Disbursement Invoice
- Generated Funds Form
- Monthly Matching Funds Report
- Quarterly Status Report
- HSD's Commitment to Funding Culturally Responsive Services
- Income Guidelines
- Gift Card Policy
- Position Change Form
- Respite Care Program Incident Report
- ADS Data Security Requirements
- HUD Conditions & Certifications Required
- McKinney Conditions Required for Contracts

Tips for Contract Review

The LAD Contracts Unit has provided Contract Proofing Checklists for Line Item Reimbursement contracts, Outcome-Based Reimbursement contracts, Unit Cost Reimbursement contracts, and contract amendments. These checklists are available on the [HSD Contract Resources](#) SharePoint site and should be used by Program Specialists, Supervisors/Managers, Finance Analysts, the

Contracts Unit and any other staff involved in the contract development, review and approval process.

Typical Contract Development & Routing Cycles

While contract development occurs year-round, there are specific contract development cycles or “seasons” that can be expected for the majority of HSD’s contracts. For example, HSD contracts often fall within one of the following contract terms:

- January 1 – December 31
- July 1 – June 30
- September 1 – August 30

Specific contracts will be developed that do not fall into these cycles and it is important for Program Specialists to be able to update contract templates appropriately to account for non-standard contract periods.

Appendix B at the end of this manual provides a projected timeline, which is only an estimate for the steps involved in the contract development and routing process throughout the year. There will be processing delays during busy times, such as October through February (for contracts starting January 1) and June – September (for contracts starting July 1 and September 1). It is incumbent on the Program Specialist and others working on contract development to understand the multiple steps involved in the contract development, routing and approval process – and to plan accordingly.

It is important that contracts are complete and accurate when routed for approval and signature. If errors are found at any state of the review process, the contract should be returned to the Program Specialist for correction. After the correction is complete, the Program Specialist will return the contract to the person who identified the errors² to continue the routing process. Incomplete or inaccurate contracts submitted to the LAD Contracts Unit for review will result in delays in the contract review and approval process throughout the Department.

² The exception to this is if the LAD Contracts Unit reviewer identifies errors, the contract is typically returned to the Program Specialist to make the appropriate corrections before proceeding with the DocuSign or hard copy signature process (see pages 56 – 59 for details). In certain cases, typically when very significant corrections or revisions are required, the Contracts Unit reviewer may ask for the contract to be re-routed for a subsequent Contracts Unit review before approving the contract for release to proceed with the signature process. If this occurs, the Program Specialist will be notified.

Overview of HSD’s Contract Review & Approval Process

The contract routing and approval process is outlined below. For assistance with CMS, please review the “Navigating CMS” guide on the [HSD Contract Resources](#) SharePoint site or contact the Grants & Contracts Specialist in the LAD Contracts Unit.

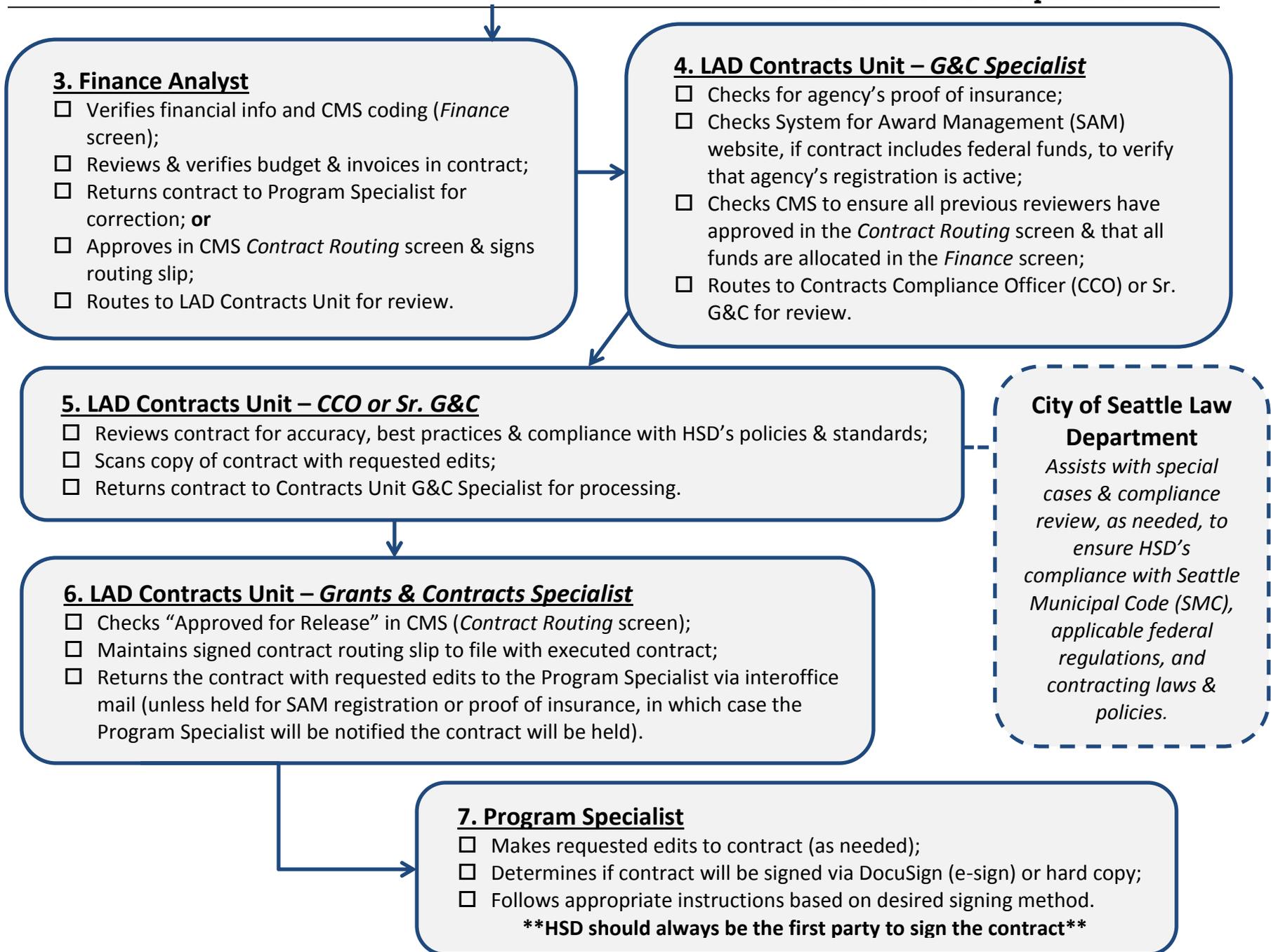


1. Program Specialist

- Creates new contract in CMS & enters contract details (*General Info, Contract Contractor & Outcomes* screens);
- Generates contract documents in CMS (*Documents* screen);
- Fills in scope of work & other details in the Word document generated from CMS;
- Reviews contract for accuracy & compliance with fund source/grant & program area requirements:
 - Details match CMS;
 - Boilerplate, Exhibits & Attachments complete;
 - Spelling (use spell check), page numbering & attachment numbering correct;
- Sends draft contract to peer(s) for review & updates contract draft based on peer feedback;
- Approves in CMS *Contract Routing* screen;
- Prints Contract Routing Slip from CMS & Signs;
- Routes hard copy contract & routing slip to Supervisor/Manager for review.

2. Program Specialist’s Supervisor/Manager

- Reviews contract for completion, accuracy, and compliance with fund source/grant & program expectations;
- Returns contract to Program Specialist for correction; **or**
- Approves in CMS *Contract Routing* screen & signs routing slip;
- Routes to the division’s Finance Analyst for review (see page 60 for CDBG routing instructions).



DocuSign E-Signature Instructions:

8. Program Specialist

- Loads contract to DocuSign (using “Navigating DocuSign” instructions and DocuSign tips on the [HSD Contract Resources](#) SharePoint site).



9. LAD Contracts Unit – *Contracts Compliance Officer or Senior Grants & Contracts Specialist*

- Reviews contract loaded to DocuSign to ensure requested edits have been made;
- If corrections or edits are needed: Contacts Program Specialist to make the corrections, reload to DocuSign & notify Contracts Unit when correction is complete/reloaded;
- Once requested edits have been made, CCO or Sr. G&C conducts final review & approval of contract and asks to have the contract signed in DocuSign by the HSD Director’s proxy.



10. HSD Director’s Proxy

- Signs contract in DocuSign;
- DocuSign will automatically forward the contract to the agency for e-signature.



11. Agency

- Signs contract in DocuSign;
- DocuSign will notify the LAD Contracts Unit G&C and the Program Specialist that the contract is complete.



12. LAD Contracts Unit – *Grants & Contracts Specialist*

- Receives email from DocuSign once the agency has e-signed;
- Executes contract in CMS;
- Saves signed contract to J drive & prints copy of contract & DocuSign certificate for file;
- Prepares file, attaches routing slip, stamps execution date on routing slip;
- Files the official contract file in the LAD Contracts Unit.



13. Program Specialist

- Maintains copy of signed contract for desk file.

Hard Copy Signature Instructions:

8. Program Specialist

- Prints 2 hard copies of contract;
- Stamps 1 "Original" & 1 "Copy" on the signature page;
- Routes stamped hard copies to LAD Contracts Unit.

Please do not deliver contracts for signature directly to the Director's Office. The LAD Contracts Compliance Officer or Senior Grants & Contracts Specialist must approve all contracts before the HSD Director signs.

9. LAD Contracts Unit – CCO or Sr. G&C

- Reviews hard copies of contract to ensure requested edits have been made;
- If corrections or edits are needed: Contacts Program Specialist to make the corrections & re-route the corrected hard copies;
- Once requested edits have been made, approves contract & delivers hard copies to HSD Director's assistant.

10. HSD Director's Assistant

- Has HSD Director or delegate sign both copies of the contract;
- Returns both copies of signed contract to the LAD Contracts Unit Grants & Contracts Specialist.

12. Program Specialist

- Mails or delivers both contracts to agency for signature, with instructions (on Cover Letter) to sign & keep the version stamped "Copy" and sign & return the version stamped "Original" to the LAD Contracts Unit.

11. LAD Contracts Unit – G&C Specialist

- Returns both copies of signed contract to Program Specialist to mail or deliver to agency for signature.

13. Agency

- Signs & returns contract stamped "Original" to the LAD Contracts Unit.

14. LAD Contracts Unit – Grants & Contracts Specialist

- Receives signed original contract from the agency;
- Executes contract in CMS;
- Scans & saves signed contract to J drive;
- Prepares file, attaches routing slip, stamps execution date on routing slip;
- Notifies Program Specialist the contract is fully executed;
- Files the official contract file in the LAD Contracts Unit.

15. Program Specialist

- Maintains copy of signed contract for desk file by accessing scanned copy from J drive.

CDBG Contract Routing & Approval

The routing order for contracts with federal Community Development Block Grant (CDBG) funds requires additional approval as follows:

In CMS, CDBG routing and approval typically includes three (3) steps:

1. CDBG Admin (to log the contract as “in”)
2. CDBG Finance Analyst
3. CDBG Admin (to log the contract as “out”)

Outlined below is how a contract with CDBG funding is reviewed and approved:

1. After the Program Specialist’s supervisor/manager reviews and approves the contract, it is routed to the CDBG Admin Specialist.
2. The CDBG Admin Specialist creates CDBG files and routes the contract for CDBG review. At this time the CDBG Admin signs off in CMS to log the contract as “in”.
3. The following reviews are then conducted:
 - a. Eligibility Review
 - b. Environmental Review
 - c. Labor Standards Review
 - d. Administrator Review
 - e. Finance Analyst Review – at this point CMS coding and funding is verified and approved, and the CDBG Finance Analyst signs off in CMS.
4. CDBG Finance Analyst routes the contract back to the CDBG Admin Specialist.
5. CDBG Admin Specialist routes the contract to the LAD Contracts Unit for review and approval. At this time the CDBG Admin signs off in CMS to log the contract as “out”.
6. If the contract includes a combination of fund sources (in addition to CDBG), the CDBG Admin Specialist routes the contract to the appropriate Finance Analyst, who will review and approve, and then route the contract to the LAD Contracts Unit for review and approval.

Contract Eligibility Requirements: Proof of Insurance & SAM Registration

When a contract is first routed to the LAD Contracts Unit, the Contracts Unit Grants & Contracts Specialist will conduct the following steps to ensure the agency's eligibility to contract with HSD and the City of Seattle:

- Verify that the Contracts Unit has the agency's current proof of insurance on file. Please see page 65 for details on the City's insurance requirements for contracted agencies.
- If the contract includes federal funds, the Contracts Unit Grants & Contracts Specialist will check the System for Award Management (SAM) website to verify that the agency's registration is active and that the agency is not debarred. Please see page 66 for details on debarment and SAM registration.

If proof of insurance is needed and/or the agency's registration in SAM is not active (for contracts with federal funds), the Contracts Unit Grants & Contracts Specialist will notify the Program Specialist to ask them to work with the agency to request either a copy of the agency's current certificate of insurance and additional insured endorsement and/or SAM registration.

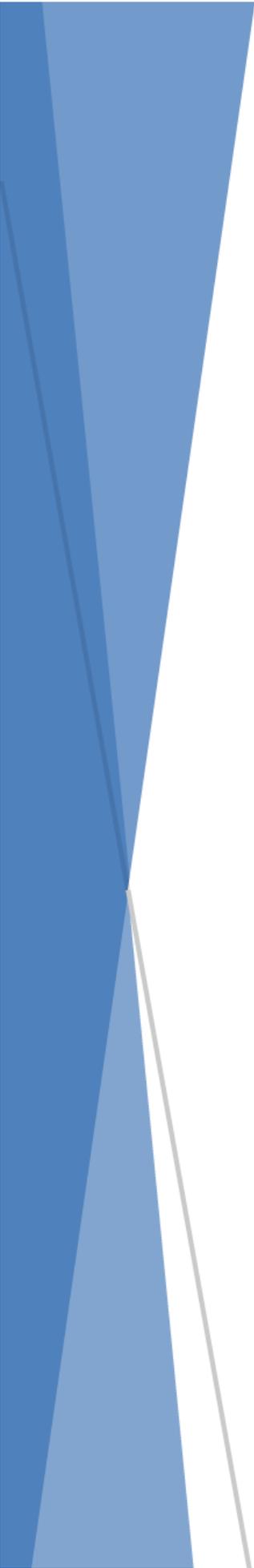
The contract will not be released to the Program Specialist after review by the LAD Contracts Unit until these eligibility requirements have been satisfied. The Contracts Unit Grants & Contracts Specialist will notify the Program Specialist that the contract will be held, pending proof of insurance and/or SAM registration, and will also enter a note to this effect in the CMS *Contract Routing* screen.

Contract Execution

Once a contract has been signed by both parties, the LAD Contracts Unit Grants & Contracts Specialist will save a PDF copy of the executed contract in the [J-drive](#)³ (filed by the effective year), mark the contract as executed in CMS, and create and file the official contract file to be maintained in the LAD Contracts Unit. The Program Specialist should maintain a copy of the signed contract for their desk file.

Fully executed contract *amendments* will also be saved by the LAD Contracts Unit Grants & Contracts Specialist as a PDF in the [J-drive](#) (filed by effective year of contract) and a hard copy will be filed in the official contract file for the amended contract.

³ [J:\Contracts\Contract Service Agreements](#)



SECTION IV: CITY OF SEATTLE CONTRACTING ADMINISTRATIVE REQUIREMENTS

City of Seattle Contracting Administrative Requirements

Overview of the City of Seattle's Contracting Administrative Requirements

HSD must comply with certain requirements and best practices established by the City of Seattle for departments contracting on behalf of the City. This section provides an overview of HSD's guidelines to maintain compliance with the City's requirements, including:

- Documents required for a contract with a new agency (see below);
- Contract Payment Authorization form (see page 64);
- City of Seattle Risk Management Division's insurance requirements for contracted agencies (see page 65);
- Debarment (see page 66); and
- Expectations for contract file maintenance (see page 68);

When needed, the LAD Contracts Unit will liaise with other City departments such as Finance & Administrative Services, Risk Management, and the Law Department to ensure compliance with the City's requirements and best practice expectations.

Documents Required for a Contract with a New Agency

When contracting with a new agency, the following items are needed prior to contract execution:

- **IRS W-9 Form:** The IRS W-9 form may be found on the [HSD Contract Resources](#) SharePoint site, under "Other Contract Resources & Forms". Please check with the Grants & Contracts Specialist in the LAD Contracts Unit to find out if the agency is already a City of Seattle Vendor.
- **Proof of Insurance:** The agency's Certificate of Commercial General Liability Insurance and Endorsement stating the City of Seattle as an additional insured or Blanket Policy wording must be submitted to the Grants & Contracts Specialist in the LAD Contracts Unit. The Program Specialist should request this from the agency. The Grants & Contracts Specialist in the Contracts Unit can provide examples of what these documents look like upon request.
- **MASA:** A Master Agency Services Agreement (MASA) is needed if HSD anticipates contracting with the agency for **multiple** years and/or for more than one HSD-funded program. The Program Specialist should request a MASA from the Grants & Contracts Specialist in the LAD Contracts Unit (see page 18 for details and applicability).

Contract Payment Authorization Form

The Contract Payment Authorization (CPA) form must be signed and submitted by the agency before HSD may release any payment to the agency. The purpose of the CPA form is to ensure that invoices are signed only by agency staff authorized to sign and verify invoices or requests for payment on behalf of the agency, according to the agency's internal policies. HSD's responsibility is to ensure that we only approve and pay invoices that are signed by an authorized individual, to reduce audit risk.

The CPA form is included as an attachment to the Information Packet, which is sent with the agency's Award Letter (see page 52). The CPA must be signed and submitted for each contract that the agency has with HSD. This requirement is specified in the templates for the Award Letter and Exhibit A-3 of the contract. If an Award Letter was not sent to the agency, for any reason, the CPA form should be included as an attachment to the contract.

In the past, payment authorization forms were collected by agency (one per agency) versus for each contract; however, this created an issue for agencies with multiple contracts with HSD. One issue was that certain agency staff were authorized to verify invoices only for a specific program(s) and not for the agency as a whole. In addition, when changes in agency staff occurred the agency was required to complete a new form for the entire agency, versus just for the program in which the staff change had occurred. Agencies with multiple HSD contracts often interact with multiple HSD program specialists, across divisions. Requesting a CPA form for each contract helps to ensure that a re-submitted payment authorization form for one contract/program will not override a payment authorization form for another contract/program which may still be applicable.

Contract Payment Authorization Forms will be processed according to the following steps:

1. The CPA form will be attached to the Information Packet, sent with the agency's Award Letter.
2. The directions on the CPA form instruct the agency to complete and sign the form, and return it to HSD's Accounts Payable unit. Agencies may also return the completed form to their Program Specialist.
3. If the Program Specialist receives a CPA form from an agency, it should be forwarded to Accounts Payable (AP) as soon as possible to facilitate the invoicing process.
4. Once AP receives the CPA, they will:
 - a. Log receipt of the CPA form and verify the agency's payment information in CMS and the SUMMIT financial system;
 - b. Scan the CPA form and save it on the [J-drive](#)⁴, using the contract number as the file name, so Program Specialists may also access a scanned copy of the form for invoice signature verification;
 - c. File the hard copy of the CPA form in the Accounts Payable file.

⁴ [J:\Contracts\Master Agency Payment Authorization](#)

Insurance Requirements for Contracted Agencies

In order to protect the City of Seattle, agencies contracting with HSD must maintain insurance coverage continuously throughout the term of their contract agreement(s) with HSD and they agree to this when signing either a Master Agency Services Agreement (MASA) or Agency Services Agreement (ASA).

As proof of insurance coverage, contracting agencies must submit:

- An ACORD Certificate of Commercial General Liability Insurance and
- Additional insured policy wording showing the City of Seattle as an additional insured. This can be either:
 - An additional insured endorsement issued and attached to the policy or
 - Blanket additional insured policy wording.

While we expect to see the City of Seattle listed as an additional insured on the ACORD certificate, it is not enough just to have this. We also need the additional insured policy wording, which is a separate document. Currently, the LAD Contracts Unit retains copies of the ACORD certificate and additional insured policy wording for documentation purposes.

Note on additional insured: A copy of the actual additional insured endorsement or blanket policy wording must accompany the certificate in order to verify additional insured status. Not only is this a requirement of the City of Seattle's Risk Management Division, it also explicitly states this on the ACORD certificate: "If the certificate holder is an additional insured, the policy(ies) must be endorsed." "A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s)."

The additional insured policy wording documentation can look different depending on the insurance company, but it will often state:

- "This endorsement changes the policy. Please read carefully."
- "Additional insured – designated person or organization."
- Occasionally, the entire policy may be submitted. In this case, the additional insured language should be reviewed to see if the City of Seattle would be covered.

Agencies must be insured at the levels outlined in Section 510 of the MASA or Section 410 of the ASA.

If you have questions about insurance documentation submitted by an agency, contact the Grants & Contracts Specialist in the LAD Contracts Unit. If an agency submits insurance documentation directly to the Program Specialist, the Program Specialist should forward that documentation immediately to the Grants & Contracts Specialist in the LAD Contracts Unit who will review the documentation to ensure that it meets the City's requirements, log receipt of the documentation and the insurance coverage expiration date in CMS, and file the documentation electronically and in hard copy. Please see page 61 for details on the need to hold the contract if the agency's insurance has expired.

Debarment

The Federal Government maintains a list of debarred and suspended contractors in order to protect the public interest and ensure the integrity of federal programs by conducting business only with responsible entities. When an organization or person is debarred or suspended from doing business with the Federal Government, they are added to the Excluded Parties List System (EPLS). Currently this list is available to the public through the System for Award Management (SAM) website: www.sam.gov.

HSD's Responsibility:

HSD receives grants through the Federal Government and the contract agreements that HSD signs in order to receive these grants require that HSD agree that it is not debarred, suspended or ineligible to participate in an agreement with any federal department or agency. HSD is also required to agree to include this same requirement in any subcontracts it enters into as a result of the federal agreement.

When contracted agencies sign HSD's Master Agency Services Agreement (MASA) or Agency Services Agreement (ASA), agencies agree that they are not debarred or suspended from doing business with the Federal Government. Debarment language can be found in Section 650 of the MASA or Section 560 of the ASA boilerplate.

For contracts that include federal funding, HSD is required to verify that the contracted agencies are not excluded from entering into agreements with the Federal Government prior to contract execution. Federal auditors routinely review HSD's compliance with this provision. Currently, the Grants & Contracts Specialist in the LAD Contracts Unit verifies that agencies are not debarred or suspended from doing business with the Federal Government when a contract or contract amendment that contains federal funding is submitted to the Contracts Unit for initial review and approval. A copy of the verification is saved for auditor review.

To ensure that the agency is not debarred or suspended, a search of the SAM website is conducted, using the agency's Data Universal Numbering System (DUNS) number, to verify that:

- The agency is registered in SAM
- The agency's registration status is listed as: **Active**
 - Note: Agencies that have a status of "Submitted" in SAM will show up when conducting a search for active entities, however these agencies are NOT eligible for contracts, assistance awards, or to do business with the Federal Government, until their registration status says "**Active**".
- The "Has Active Exclusion?" question is answered: **No**
 - Note: Agencies with an active exclusion are debarred or suspended from receiving federal contracts or federally-approved subcontracts and from certain types of federal financial and nonfinancial assistance and benefits.

Program Specialists may conduct this same search prior to submitting a contract to the LAD Contracts Unit for review, so that the contract execution process is not delayed by any need for the agency to update their SAM registration. **HSD will not execute a contract that includes federal funds until the agency's registration is active in SAM.**

An agency's DUNS number is a unique nine digit identification number issued by the commercial company DUN & Bradstreet (D&B). Agencies may register for a DUNS number, free of charge, by calling the toll free number 1-800-526-9018 or by applying on-line at <https://iupdate.dnb.com>. Registration in SAM is also free of charge.

Expectations for Contract File Maintenance

It is important to remember that contracts and all related materials, correspondence, reports, invoices, etc. are part of the public record and subject to public records requests.

- **Program Specialist File:** All Program Specialists are responsible for maintaining a desk file for each contract they manage. This file should minimally include a copy of the contract, negotiation information, and copies of invoices, reports, and all contract-related correspondence.
 - **Federal Audit File:** Program Specialists with federally funded contracts should consult their federal funding source regarding proper documentation of federal eligibility determination paperwork. The CDBG Administrative Unit will maintain such documentation in their own files (see page 60 for CDBG information).
- **Official Contract File:** The official contract file will be maintained by the LAD Contracts Unit on the 58th floor of the Seattle Municipal Tower (SMT). Previously the official file was maintained by Accounts Payable (AP). Starting with 2015 contracts, the official contract file is filed by contract number and will include the following:
 - Signed Project Services Agreement or Agency Services Agreement
 - DocuSign certificate (if signed via DocuSign)
 - Any amendments
 - Contract routing slip
- **MASA/Agency File:** Master Agency Services Agreements (MASA) are created by the LAD Contracts Unit as needed (see page 18). The official MASA files are maintained by the Contracts Unit and include copies of the signed MASA, the Agency's IRS W-9 form, ACORD Certificates of Liability Insurance and additional insured policy wording, and other agency correspondence.
- **AP File:** The Accounts Payable (AP) Unit on the 58th floor of the Seattle Municipal Tower (SMT) will maintain a contract file related to contract payment/reimbursement, which will include the Contract Payment Authorization (CPA) form and original contract invoices, monthly/quarterly reports and back-up documentation.
- **Electronic Files:** Electronic copies of all fully executed contracts are saved on the HSD [J-drive](#)⁵, in folders organized by the year in which the contract was initiated. The LAD Contracts Unit will also save copies of the Agency's evidence of insurance on the [J-drive](#)⁶. To obtain access to this folder please contact IT.

Records Retention: Document retention related to contracting is guided by the [City of Seattle's Records Management Program](#). All contract records must be retained for six years from the final payment under the agreement, unless federal or other funding source requirements call for longer retention periods.

⁵ [J:\Contracts\Contract Service Agreements](#)

⁶ [J:\Contracts\Insurance & AI Copies](#)

SECTION V: HSD's INVESTMENT STRATEGY

HSD's Investment Strategy

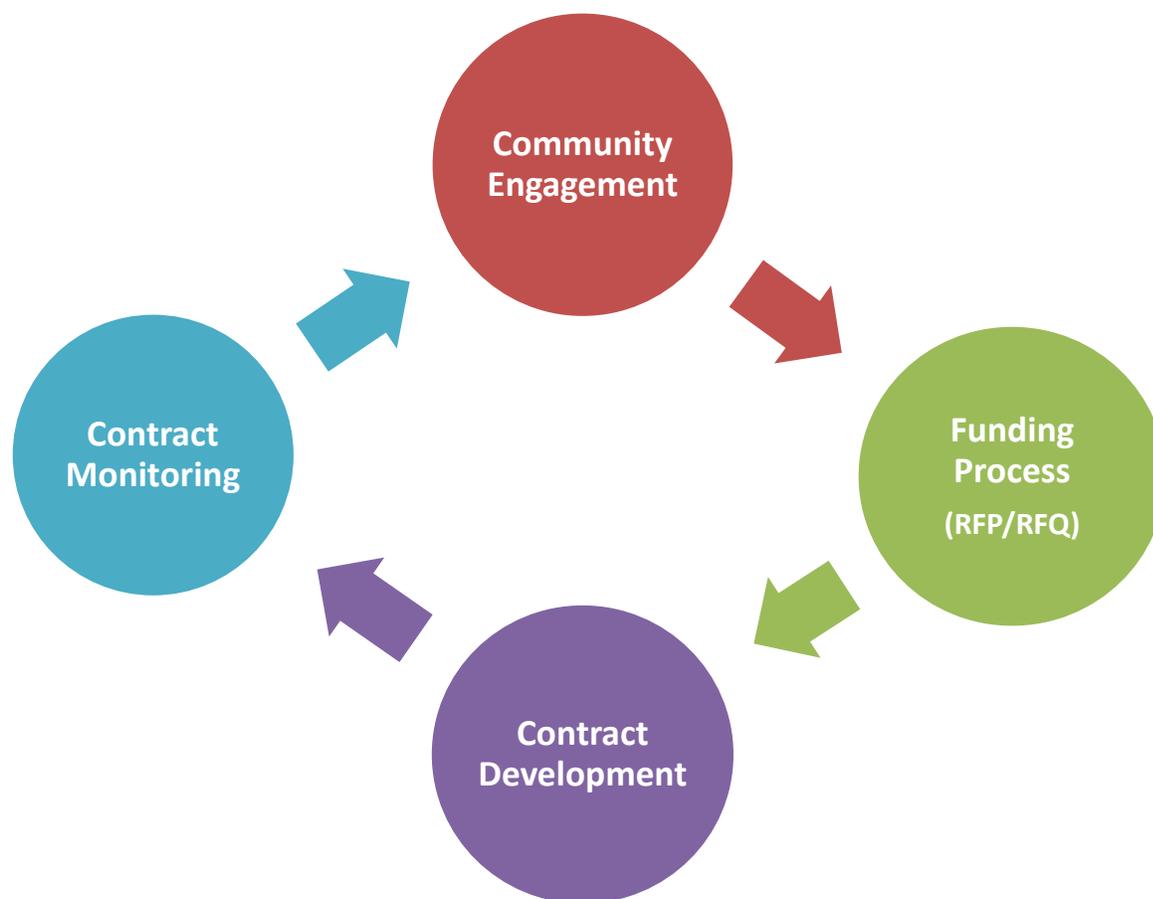
How Contract Development Fits Into HSD's Investment Strategy

The contract development process is preceded by activities that help HSD identify the need to invest in specific program service areas and identify agencies able to achieve the desired results, and is followed by ongoing monitoring activities that, in turn, inform future investment and contracting decisions.

[Community engagement](#)⁷ efforts inform HSD's [funding processes](#)⁸, resulting in contract awards to service providers—which are then monitored to ensure the Department's return on investment in achieving the desired results.

Contract development is one of four dynamic steps in HSD's strategy to:

1. **DEFINE** results for the department's investments;
2. **ALIGN** the department's financial resources to the results; and
3. **EVALUATE** result progress to ensure return on investment.



⁷ Community Engagement Manual: http://hsdweb/resources/docs/Community_Engagement_Manual.pdf

⁸ Funding Process Manual: <http://hsdweb/contracts/fundingprocess.htm>

Contract development typically follows an award decision from an HSD funding process— Request for Proposal (RFP) or Request for Qualification (RFQ). However, the Department Director may elect to waive a competitive funding process when it is impractical, when there is an emergency, when a funding source requires a different process or timing schedule, or when City Council expresses a specific intent for the funds. HSD also manages some grant-funded contracts, which must follow the requirements of the funder (often a state or federal entity) when HSD sub-contracts the grant funds to service providers in the community.

It is important for the Program Specialist and their manager to understand how the funding for the contract originated prior to entering into a contract agreement. If the contract was the result of a funding process (RFP or RFQ), the Program Specialist and their manager should work with the planning and development staff involved in coordinating the funding process to ensure that the scope of work and desired results of the funding process are reflected appropriately in the contract. It is the responsibility of the Program Specialist and their manager to ensure that the contract is reflective of the intent and goals of the funding process.

HSD has developed a results-based accountability strategy, called the “Outcomes Framework”, which is an investment strategy for ensuring results and addressing disparities, and which will guide HSD’s ongoing programmatic investments. Please see pages 72 – 78 for information on the Outcomes Framework, HSD’s Theory of Change, goals and desired results, HSD’s commitment to funding culturally responsive services, and the Strategic Investment Plan.

HSD's Outcomes Framework

A Strategy for Results-Based Accountability and Addressing Disparities

The Human Services Department (HSD) has developed a results-based accountability strategy, called the "[Outcomes Framework](#)"⁹, which is an investment strategy for ensuring results and addressing disparities. The framework was developed with extensive staff and stakeholder engagement, and is built on national models for results-based accountability. The Outcomes Framework guides HSD's funding processes and investments.

The Outcomes Framework helps HSD move from ideas to action to ensure that the department's work is making a real difference in the lives of vulnerable people. This Framework also helps make certain that HSD is a highly functional, accountable organization that is leading the way toward addressing community disparities.

The Outcomes Framework helps HSD to:

1. **DEFINE** results for the department's investments
2. **ALIGN** the department's financial resources to the results
3. **EVALUATE** result progress to ensure return on investment

The department has developed a **theory of change** (see page 73) for funding processes, which shows the logical link between the desired results, indicators of success, racial equity goals based on disparity data, strategies for achieving the desired results, and performance measures to ensure that resources are appropriately aligned to address the most critical human service needs and disparities, based on the analysis of entire population level data.

For example, did you know that¹⁰?

- Black and Latino youth in Seattle are significantly less likely to graduate high school on time than are White youth.
- Poverty for Seattle children of color is increasing faster than for White Non-Hispanic children.
- Blacks and Latinos in Seattle and King County are most likely to experience food scarcity.
- Blacks and Latinos are more likely to be in unaffordable housing in Seattle and King County than are Whites.
- American Indian, Alaskan Native, and Hispanic/Latino elders are twice as likely as Asian or White elders to be in fair or poor health.

In the development of all HSD funding processes, the goal is to identify the whole population data driving the investment, as well as the results, indicators, disparity data and equity goal, strategies, and performance measures. The funding process will, in turn, inform the resulting contract(s).

⁹ [P:\Funding Process\Outcomes Framework Results and Indicators.pdf](#)

¹⁰ Data Sources Include: Seattle Public Schools 2012 Profile, 2008-2010 and 2009-2011 American Community Survey, and 2010 Behavioral Risk Factor Surveillance Survey.

Theory of Change

The theory of change describes the expectations for how the desired results and equity goals will be achieved through a set of specific activities which are measured by quantity, quality and impact performance measures.



<p>Data that reflects a whole population.</p>	<p>Condition of wellbeing for an entire population.</p>	<p>The achievement benchmark - how will we know if we accomplish the result?</p>	<p>Data depicting socioeconomic disparities and disproportionality between ethnic/racial populations; specifically between White populations and populations of Color.</p>	<p>The stretch goal for reducing and/or impacting the racial equity disparity.</p>	<p>Activities or interventions that align to the results and indicators, and are informed by best or promising practices, cultural competency and community engagement.</p>	<p>What gets counted to determine the impact of a program, agency or set of services, including:</p> <ul style="list-style-type: none"> • Quantity • Quality • Impact
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The core terms in HSD’s theory of change, along with their working definitions and examples are noted below:

Theory of Change Term	Definition	Example
Whole Population Data <i>(Division Goal from Outcomes Framework)</i>	Data that reflects a whole population	Our community promotes healthy aging and lifestyle
Desired Result <i>(from Outcomes Framework)</i>	A condition of wellbeing for an entire population	<ul style="list-style-type: none"> • Vulnerable adults improve or maintain health • Vulnerable adults remain independent
Indicator <i>(from Outcomes Framework)</i>	The achievement benchmark – how would we know the “result” if we accomplished it?	<ul style="list-style-type: none"> • Self-reported health status • % of adults reporting participation in healthy activities
Racial Disparity Data	Data depicting socioeconomic disparities and disproportionality between ethnic/racial populations; specifically between White populations and populations of Color	American Indian, Alaskan Native, and Hispanic/Latino adults are 2 times more likely to be in fair to poor health than are Asian and white non-Hispanic adults. African, African American, and Black adults are 1.5 times more likely to be in fair to poor health than are Asian and white non-Hispanic adults.
Racial Equity Goal <i>“What impact are we making around racial disparities?”</i>	The stretch goal for reducing and/or impacting the racial equity disparity	American Indian, Alaskan Native, Hispanic/Latino, African, African American, and Black adults report good, very good or excellent health status at the same rate as Asian and white non-Hispanic adults.
Strategy <i>“What are we purchasing?”</i>	The activities or interventions that align to the results and indicators, and are informed by best or promising practices, cultural competency and community engagement	<ol style="list-style-type: none"> 1) Evidence-informed health promotion activities 2) Social support services 3) Access to nutrition programs
Performance Measure <i>“What are we counting?”</i>	What gets counted to determine the impact of a program, agency or set of services, including: <ul style="list-style-type: none"> • Quantity, • Quality, and • Impact 	<ul style="list-style-type: none"> • Number of adults participating in healthy activities (quantity) • Participant satisfaction (quality) • Improved health (impact) • Reduction in racial health disparities for vulnerable adults (impact of racial equity goal)

HSD’s Goals & Desired Results:

Healthy Communities, Healthy Families

HSD’s [Outcomes Framework](#)¹¹ moves the Strategic Investment Plan forward toward measurable results. We have established the following division goals, based on identified community values, and the results that would indicate success.

HSD Division	Division Goal	Desired Results
Youth & Family Empowerment	Youth and Young Adults transition successfully to adulthood	<ul style="list-style-type: none"> • Youth and Young Adults achieve academic success • Youth and Young Adults are healthy (physical, social, emotional) • Youth and Young Adults effectively transition to adulthood • Families are strong, healthy and stable
Community Support & Assistance	<i>Our community is safe, stable, and self-reliant</i>	<ul style="list-style-type: none"> • Individuals and families are financially stable • Individuals and families have stable housing • Individuals and families have access to healthy food
Aging & Disability Services	<i>Our community promotes healthy aging and lifestyle</i>	<ul style="list-style-type: none"> • Vulnerable adults have affordable, quality healthcare • Vulnerable adults achieve basic needs • Vulnerable adults improve or maintain their health (physical, social, emotional) • Vulnerable adults remain independent (home and community)
Leadership & Administration <ul style="list-style-type: none"> • MODVSA • PH 	<i>Healthy Communities, Healthy Families</i>	<ul style="list-style-type: none"> • Individuals and families are safe and have healthy relationships • Individuals and families are healthy

These goals and results should drive all HSD funding, contracting, and monitoring processes and practices. We should continue to ask ourselves:



¹¹ [P:\Funding Process\Outcomes Framework Results and Indicators.pdf](#)

HSD's Commitment to Funding Culturally Responsive Services

In conjunction with the [Seattle Race and Social Justice Initiative](#)¹² (RSJI), which is a citywide effort to end institutionalized racism and race-based inequities in Seattle, HSD has developed investment principles that reflect our commitment to funding culturally responsive services to create positive outcomes for service recipients. Contracted agencies are expected to demonstrate the capacity to institute these principles through routine delivery of participant-centered and strength-based services that are culturally:

COMPETENT, as demonstrated by “the ability to honor, understand, and respect beliefs, lifestyles, attitudes, and behaviors demonstrated by diverse groups of people, and to diligently act on that understanding”.¹³ It is “the ability to function effectively in the midst of cultural differences. It includes knowledge of cultural differences, awareness of one’s own cultural values, and ability to consistently function with members of other cultural groups”.¹⁴

RESPONSIVE to the cultural and linguistic needs of diverse populations. Agencies have the capacity to effectively serve and engage persons of diverse backgrounds. Agencies commit to practicing cultural responsiveness throughout all levels of the program, including policy, governance, staffing, and service model and delivery. Agencies make every effort to recruit and retain a work force (paid and voluntary), and policy-setting and decision-making bodies, that are reflective of the focus populations identified in the theory of change.

RELEVANT in addressing the cultural needs of diverse populations whose models of engagement or cultural standards differ from mainstream practices. Agencies are staffed with people who have the cultural competency to create authentic and effective relationships and provide culturally responsive services for members of specific cultural groups and/or communities of color. Commitment and experience of the agency reflects effective, mutually beneficial relationships with other organizations (such as grassroots or community-based organizations, churches, community networks, etc.) that are reflective of the populations being served.

ACCESSIBLE through language, location, and delivery style. Agencies have the capacity to overcome mainstream barriers and/or provide effective alternative strategies that enable residents to easily access mainstream and nontraditional programs and services.

This language is provided as a template in CMS and Program Specialists are encouraged to include this language in contracts, either as an attachment or as part of Exhibit A-2.

¹² <http://www.seattle.gov/rsji>

¹³ Coyne, C. (2001) “Cultural Competency: Reaching Out to All Populations”. PT Magazine, pgs. 44-50.

¹⁴ York, S. (2003) Roots and Wings: Affirming Culture in Early Childhood Programs. St. Paul, MN: Redleaf Press, pg. 161.

HSD's Strategic Investment Plan

The Strategic Investment Plan & How It Relates to Contract Development

The Strategic Investment Plan (SIP) framework serves as a foundation for the Outcomes Framework and informs internal budgetary decision-making and resource allocation. Externally, it serves as a basis for reporting to both the Mayor and the City Council, and decisions are made in the context of reported SIP data. Given this and the ramifications of changes to the SIP, central coordination and oversight is critical.

The SIP Change Approval Process:

1. The following changes require centralized review and approval:
 - Creating new contracts;
 - Adding, deleting or consolidating Program Areas (SIP codes) and/or strategies;
 - Assigning new funds to an existing Program Area (SIP code);
 - Proposing a new Program Area and/or strategies and assigning funds;
 - Shifting contracts or other costs between existing goals, strategies or Program Areas (SIP codes);
 - Proposed changes to Program Area outcomes or its funding objective.
2. Any of the above SIP code changes must be requested by a Division Director. In cases where more than one division would be impacted, the other Division Director must also sign off. Requests will be made using the "SIP Routing Slip for Approval of Proposed Changes" which is routed from the requestor through the Division Director to the SIP Manager (see Appendix A). This form is located in the [P-drive](#)¹⁵ and on the [HSD Contract Resources](#) SharePoint site, under "SIP".
3. Since SIP changes directly impact the data in the Contract Management System (CMS), Finance's Contracts Plan and financial reporting systems, the SIP Manager will consult with both the Contracts Unit & the Financial Management Team to identify concerns. Any changes will be communicated to the Finance and Contracts staff by their respective managers once the request is centrally approved.
4. Any needed clarification or questions will be raised by the SIP Manager with the appropriate Division Director(s) or Manager. In the event that a request presents an unresolved concern, the particulars will be discussed by the appropriate Deputy Director, Division Director (or designee), SIP Manager and any other staff deemed appropriate to resolve the concern. In the event that a resolution is not forthcoming from this process, a final decision will be made by the appropriate Deputy Director.

¹⁵ [P:\Strategic Investment Plan\SIP Changes - Approval](#)
Section V

The SIP Manager will communicate approved changes to the impacted Division Director(s), Program Specialists, and the LAD Contracts Unit and Finance Analysts. Only approved SIP changes will be made to the Contract Plan. If changes to CMS are required, the SIP Manager will communicate with the LAD Contracts Unit to make such changes and the Contracts Unit will notify the person who submitted the SIP once the update to CMS is complete.

SECTION VI: APPENDICES

Appendix A: HSD Contract Development Process Participants – Staff Key

The Contract Development Manual refers to staff by role or title. The following staff key will be updated as needed to help identify the specific HSD staff members with supportive roles in the contract development process.

Last Updated: 5/31/16

Leadership & Administration Division Contracts Unit		
Contracts Compliance Officer	<i>Krista Díaz</i>	Krista.Diaz@seattle.gov
Senior Grants & Contracts Specialist	<i>Mari Sugiyama</i>	Mari.Sugiyama@seattle.gov
Grants & Contracts Specialist	<i>Jacqueline Tabor</i>	Jacqueline.Tabor@seattle.gov
Other Contract-Related Support		
HSD Director’s Signature Proxy	<i>Appointed by Director</i>	N/A
SIP Manager	<i>Charles Liyab</i>	Charles.Liyab@seattle.gov
HSD Executive Leadership		
HSD Director	<i>Catherine Lester</i>	Catherine.Lester@seattle.gov
Deputy Director of Administrative Operations	<i>Audrey Buehring</i>	Audrey.Buehring@seattle.gov
Deputy Director of Services & Strategy / Office of Homelessness	<i>Jason Johnson</i>	Jason.Johnson@seattle.gov
Deputy Director (Temporary)	<i>Dave Sarju</i>	David.Sarju@seattle.gov
Service Division Directors		
ADS Division Director	<i>Maureen Linehan</i>	Maureen.Linehan@seattle.gov
CSA Division Director	<i>Vacant</i>	N/A
YFE Division Director	<i>Tiffany Washington</i>	Tiffany.Washington@seattle.gov
Financial Management Team		
Budget Manager	<i>Charles Liyab</i>	Charles.Liyab@seattle.gov
Accounts Payable	<i>Josie Limos</i>	Josie.Limos@seattle.gov
	<i>Donald Forbes</i>	Donald.Forbes@seattle.gov
Fiscal Auditors	<i>Efren Agmata</i>	Efren.Agmata@seattle.gov
	<i>Katie McLeod</i>	Katherine.McLeod@seattle.gov
Accounting & Audit Supervisor	<i>Abdiwali Mohamed</i>	Abdiwali.Mohamed@seattle.gov
CDBG Administration		
CDBG Administrator	<i>Michael Look</i>	Michael.Look@seattle.gov
CDBG Admin Specialist	<i>Janet Thomas</i>	Janet.Thomas@seattle.gov
CDBG Eligibility Review	<i>John Mares</i>	John.Mares@seattle.gov
CDBG Environmental Review	<i>Chris Dickens</i>	Chris.Dickens@seattle.gov
CDBG Labor Standards Review	<i>Suzanne Jones</i>	Suzanne.Jones@seattle.gov
CDBG Finance Analyst	<i>Sonya Slaughter</i>	Sonya.Slaughter@seattle.gov
Race & Social Justice Initiative Change Team		
RSJI Change Team Co-Chair	<i>Crystal Duke</i>	Crystal.Duke@seattle.gov
RSJI Change Team Co-Chair	<i>Milica Veselinovic</i>	Milica.Veselinovic@seattle.gov

Appendix B: Estimated Contract Development and Routing Cycles

This appendix includes projected timelines for the steps in the contract development and routing process for the January 1st, July 1st, and September 1st contract seasons. There will be processing delays during busy times, such as October through January (for contracts starting January 1st), June through August (for contracts starting July 1st), and August through September (for contracts starting September 1st). It is incumbent on the Program Specialist and others working on contract development to understand and plan accordingly for the multiple steps involved in the contract development, routing and approval process.

It is important that contracts are complete and accurate when routed for approval and signature. If errors are found at any state of the review process, the contract should be returned to the Program Specialist for correction. After the correction is complete, the Program Specialist will return the contract to the person who identified the errors. Incomplete or inaccurate contracts submitted to the LAD Contracts Unit for review will result in delays in the contract review and approval process throughout the Department.

Contracts Starting January 1 st		
Staff Responsible	Projected Timeline	Tasks
LAD Contracts Unit	Mid-September	<ol style="list-style-type: none"> 1. Obtain approval of contract award letter & information packet templates from HSD Deputy Director of Administrative Operations. 2. Load approved contract award letter & information packet templates to CMS.
Finance Analysts & Information Technology Staff	Late September/ Early October <i>(After Mayor's Budget Speech)</i>	<ol style="list-style-type: none"> 1. Complete and test contract upload in CMS (to clone contract renewals). <p><i>**Program Specialists should not clone a contract for the upcoming calendar year without first checking with the division's Finance Analyst to verify whether the contract is already included in the contract upload.**</i></p>
Program Specialist	Early October	<ol style="list-style-type: none"> 1. Generate contract award letters & information packets from CMS and send to agency via email, with attachments to be completed electronically.
LAD Contracts Unit	Early October	<ol style="list-style-type: none"> 1. Load any updates to the contract boilerplate & templates to CMS and notify the Program Specialists when complete.
LAD Contracts Unit	Early/Mid-October	<ol style="list-style-type: none"> 1. Contracts Season Kickoff Training(s), required for all Program Specialists, Managers, and Finance Analysts.
Program Specialist	October	<ol style="list-style-type: none"> 1. Work with supervisor/manager on any changes to outcomes or milestones; communicate with agencies on potential changes, new outcomes, etc.

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		<ol style="list-style-type: none"> 2. Work with other Program Specialists, Managers & Contracts Unit to standardize program-specific contract language to reflect division standards, fund source and/or program area requirements, etc. 3. Work with Finance Analyst on budget. 4. Generate contract boilerplate, exhibits & attachments.
Agency/ Contractor	Late October	<ol style="list-style-type: none"> 1. Return contract information packet and budget to the Program Specialist.
Contract Generation & Routing: Estimated Late October – Early December		
Finance Analyst		<ol style="list-style-type: none"> 1. Notify Program Specialists and Managers of any budget changes. 2. Update budget information in CMS as necessary.
N/A		<ol style="list-style-type: none"> 1. City Budget Adopted (Monday before Thanksgiving)
Program Specialist		<ol style="list-style-type: none"> 1. Verify funding sources, budget, program description, special conditions, outcomes in CMS, etc. 2. Peer review & incorporation of feedback (process determined by the division). 3. Sign off in CMS. 4. Attach routing slip to contract and forward to supervisor/manager.
Supervisor/Manager		<ol style="list-style-type: none"> 1. Review contract for accuracy, outcomes & milestones, fund source & program area/funder requirements, budget, etc. 2. Sign off in CMS. 3. Forward contract to Finance Analyst.
Finance Analyst		<ol style="list-style-type: none"> 1. Review contract for accuracy (fund source(s), budget, invoices, CMS coding, etc.) 2. Sign off in CMS. 3. Forward contract to LAD Contracts Unit
LAD Contracts Unit		<ol style="list-style-type: none"> 1. Review contract for accuracy. 2. Sign off in CMS. 3. Return contract to Program Specialist with approval or requested edits.
DocuSign: Estimated Early December – December 31st		
Program Specialist	Early December to December 31 st	<ol style="list-style-type: none"> 1. Revise contract with requested edits, as needed. 2. Upload revised contract to DocuSign or follow instructions for hard copy signature.
LAD Contracts Unit		<ol style="list-style-type: none"> 1. Review contracts loaded to DocuSign (or delivered for hard copy signature) and request to have the contract signed by the HSD Director or their proxy/delegate.
HSD Director or their Proxy/Delegate		<ol style="list-style-type: none"> 1. Sign contract in DocuSign (or hard copy).
Agency/Contractor		<ol style="list-style-type: none"> 1. Sign contract in DocuSign (or hard copy).

Contracts Starting July 1st		
Staff Responsible	Projected Timeline	Tasks
Finance Analysts & Information Technology Unit	Late September/ Early October <i>(After Mayor's Budget Speech)</i>	1. Complete and test contract upload in CMS (to clone contract renewals). <i>**Program Specialists should not clone a July contract without first checking with the division's Finance Analyst to verify whether the contract is already included in the contract upload.**</i>
LAD Contracts Unit	Mid-March	1. Obtain approval of contract award letter & information packet templates from HSD Deputy Director of Administrative Operations. 2. Load approved contract award letter & information packet templates to CMS.
Program Specialist	Early April	1. Generate contract award letters & information packets from CMS and send to agency via email, with attachments to be completed electronically.
LAD Contracts Unit	Early April <i>(or 2 weeks after updates requested)</i>	1. If any updates to the contract boilerplate & templates are requested by Program Specialists, updates will be loaded to CMS and Program Specialists will be notified when upload is complete.
Program Specialist	April	1. Work with supervisor/manager on any changes to outcomes or milestones; communicate with agencies on potential changes, new outcomes, etc. 2. Work with other Program Specialists, Managers & Contracts Unit to standardize program-specific contract language to reflect division standards, fund source and/or program area requirements, etc. 3. Work with Finance Analyst on budget. 4. Generate contract boilerplate, exhibits & attachments.
Agency/ Contractor	Late April	1. Return contract information packet and budget to the Program Specialist.
Contract Generation & Routing: Estimated Late April – Mid-June		
Finance Analyst	Late April to Mid-June	1. Notify Program Specialists and Managers of any budget changes. 2. Update budget information in CMS as necessary.
Program Specialist		1. Verify funding sources, budget, program description, special conditions, outcomes in CMS, etc. 2. Peer review & incorporation of feedback (process determined by the division). 3. Sign off in CMS.

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		4. Attach routing slip to contract and forward to supervisor/manager.
Supervisor/Manager		1. Review contract for accuracy, outcomes & milestones, fund source & program area/funder requirements, budget, etc. 2. Sign off in CMS. 3. Forward contract to Finance Analyst.
Finance Analyst		1. Review contract for accuracy (fund source(s), budget, invoices, CMS coding, etc.) 2. Sign off in CMS. 3. Forward contract to LAD Contracts Unit
LAD Contracts Unit		1. Review contract for accuracy. 2. Sign off in CMS. 3. Return contract to Program Specialist with approval or requested edits.
DocuSign: Estimated Mid-June to July 1st		
Program Specialist	Mid-June to July 1 st	1. Revise contract with requested edits, as needed. 2. Upload revised contract to DocuSign or follow instructions for hard copy signature.
LAD Contracts Unit		1. Review contracts loaded to DocuSign (or delivered for hard copy signature) and request to have the contract signed by the HSD Director or their proxy/delegate.
HSD Director or their Proxy/Delegate		1. Sign contract in DocuSign (or hard copy).
Agency/Contractor		1. Sign contract in DocuSign (or hard copy).

Contracts Starting September 1st		
Staff Responsible	Projected Timeline	Tasks
Finance Analysts & Information Technology Unit	Late September/ Early October <i>(After Mayor's Budget Speech)</i>	1. Complete and test contract upload in CMS (to clone contract renewals). <i>**Program Specialists should not clone a September contract without first checking with the division's Finance Analyst to verify whether the contract is already included in the contract upload.**</i>
Program Specialist	Early June	1. Generate contract award letters & information packets from CMS and send to agency via email, with attachments to be completed electronically.
LAD Contracts Unit	Early June <i>(or 2 weeks after updates requested)</i>	1. If any updates to the contract boilerplate & templates are requested by Program Specialists, updates will be loaded to CMS and Program Specialists will be notified when upload is complete.
Program Specialist	June	1. Work with supervisor/manager on any changes to outcomes or milestones; communicate with agencies on potential changes, new outcomes, etc. 2. Work with other Program Specialists, Managers & Contracts Unit to standardize program-specific contract language to reflect division standards, fund source and/or program area requirements, etc. 3. Work with Finance Analyst on budget. 4. Generate contract boilerplate, exhibits & attachments.
Agency/ Contractor	Late June	1. Return contract information packet and budget to the Program Specialist.
Contract Generation & Routing: Estimated Late June – Mid-August		
Finance Analyst	Late June to Mid-August	1. Notify Program Specialists and Managers of any budget changes. 2. Update budget information in CMS as necessary.
Program Specialist		1. Verify funding sources, budget, program description, special conditions, outcomes in CMS, etc. 2. Peer review & incorporation of feedback (process determined by the division). 3. Sign off in CMS. 4. Attach routing slip to contract and forward to supervisor/manager.
Supervisor/Manager		1. Review contract for accuracy, outcomes & milestones, fund source & program area/funder requirements, budget, etc.

		<ol style="list-style-type: none"> 2. Sign off in CMS. 3. Forward contract to Finance Analyst.
Finance Analyst		<ol style="list-style-type: none"> 1. Review contract for accuracy (fund source(s), budget, invoices, CMS coding, etc.) 2. Sign off in CMS. 3. Forward contract to LAD Contracts Unit
LAD Contracts Unit		<ol style="list-style-type: none"> 1. Review contract for accuracy. 2. Sign off in CMS. 3. Return contract to Program Specialist with approval or requested edits.
DocuSign: Estimated Mid-August to September 1st		
Program Specialist	Mid-August to September 1st	<ol style="list-style-type: none"> 1. Revise contract with requested edits, as needed. 2. Upload revised contract to DocuSign or follow instructions for hard copy signature.
LAD Contracts Unit		<ol style="list-style-type: none"> 1. Review contracts loaded to DocuSign (or delivered for hard copy signature) and request to have the contract signed by the HSD Director or their proxy/delegate.
HSD Director or their Proxy/Delegate		<ol style="list-style-type: none"> 1. Sign contract in DocuSign (or hard copy).
Agency/Contractor		<ol style="list-style-type: none"> 1. Sign contract in DocuSign (or hard copy).

Appendix C: Overview of Contract Development Manual Revisions

The HSD Contract Development Manual was revised in May 2016 and replaces the September 2011 version of the Contract Manual. The chart below provides an overview of the major changes to this version of the manual, by section. The Contract Development Manual is a working document and will be revised as needed, with revisions noted in this section.

OVERALL MANUAL	
Structure	The order and structure of the manual was revised, with sections added to address pertinent contract details. Changes in the Department’s contracting practice occurred after the 2011 version of the manual was published; this version of the manual addresses current practice and outlines new practices established through the Continuous Quality Improvement process conducted in 2014-2015. Last Updated: 5/31/2016
SECTION I: INTRODUCTION	
HSD Policy Guides <i>See pages 5 – 6</i>	Provides an overview of the updated HSD policy guides: 1) Community Engagement Manual, 2) Funding Process Manual, 3) Contract Development Manual, and 4) Contract Monitoring Manual (scheduled to be updated in 2016). Last Updated: 5/31/2016
Manual Applicability <i>See page 7</i>	Specifies the types of contracts that the Contract Development Manual will address, which excludes consultant services agreements, vendor services agreements, and agreements or grants that will result in incoming funds to HSD. Last Updated: 5/31/2016
SECTION II: HSD’S CONTRACT DEVELOPMENT GUIDELINES	
HSD’s Contract Standards <i>See page 11</i>	Outlines the contract standards developed through the Continuous Quality Improvement process conducted in 2014-2015 and rolled-out at the 2016 Contract Season Kick-Off Sessions. Last Updated: 5/31/2016
Roles & Responsibilities <i>See pages 12 – 15</i>	Provides an overview of the various staff involved in the contract development process and general roles and responsibilities. HSD’s current staffing and leadership structure is reflected. The inclusion of the role of the RSJI Change Team is new and helps to ensure that RSJI principles are reflected in HSD’s contracts. Last Updated: 5/31/2016
CMS <i>See page 16</i>	Provides additional details about CMS, including an overview of the contract numbering conventions. Last Updated: 5/31/2016
DocuSign <i>See page 17</i>	Provides an overview of HSD’s use of DocuSign to secure electronic signatures. Last Updated: 5/31/2016

<p>Types of Contracts <i>See pages 18 – 19</i></p>	<p>Provides additional information about options for developing a Memorandum of Agreement (MOA), Memorandum of Understanding (MOU), and an Agreement & Invoice (A&I), as well as when each type of agreement is appropriate. Last Updated: 5/31/2016</p>
<p>Reimbursement Methods <i>See page 20</i></p>	<p>Provides a reminder to Program Specialists to verify if a reimbursement method was specified in any funding process from which a contract resulted, to ensure alignment. Last Updated: 5/31/2016</p>
<p>Contract Components <i>See pages 21 – 22</i></p>	<p>Provides an overview of the components of a contract, including added details on the cover letter/signature memo options. Outlines the naming convention used for CMS templates. Last Updated: 5/31/2016</p>
<p>Exhibit A-1 Guidelines <i>See pages 24 – 25</i></p>	<p>Provides an overview of changes to the Strategic Investment Plan (SIP) to align with the Outcomes Framework (also see pages 72 – 78). Last Updated: 5/31/2016</p>
<p>Exhibit A-2 Guidelines <i>See pages 26 – 27</i></p>	<p>Provides additional details regarding performance standards related to background checks and site visit expectations. Last Updated: 5/31/2016</p>
<p>Exhibit A-3 Guidelines <i>See pages 28 – 31</i></p>	<p>Provides details on reporting requirements that have been implemented or revised since the 2011 version of the manual, including: 1) Referencing that a Contract Payment Authorization (CPA) form must be submitted for each contract; 2) Specifying that the Contractor’s Detailed Statement of Personnel Costs is required if personnel costs are included in a line item reimbursement contract (the previous version of the manual specified that this was required if the contract was funded by HUD-McKinney; however, in 2013 the auditor advised that this invoice and the Personnel Detail budget must be included in all line item reimbursement contracts that include personnel costs); and 3) Including requirements related to the Mid-Year Expenditure Report (implemented in HSD’s 2014 contracts), as well as information on when this report is required and when it will be waived. This section also outlines HSD’s process for managing an agency’s excess revenue. Last Updated: 5/31/2016</p>
<p>Exhibit B Guidelines <i>See pages 32 – 33</i></p>	<p>Provides guidance on interchangeable funds sources, such as grant funding in ADS. Last Updated: 5/31/2016</p>
<p>Attachments <i>See page 34</i></p>	<p>Specifies attachment requirements that have been implemented or revised since the 2011 version of the manual, including that the Contractor’s Detailed Statement of Personnel Costs is required if personnel costs are included in a line item reimbursement contract, based on 2013 auditor recommendations. Last Updated: 5/31/2016</p>
<p>OBR Contract Expectations <i>See pages 35 – 37</i></p>	<p>Provides an overview of when and how adjustments due to rounding may need to occur in outcome-based reimbursement contracts, including an example. Last Updated: 5/31/2016</p>

<p>UCR Contract Expectations <i>See pages 38 – 40</i></p>	<p>Provides an overview of when and how adjustments due to rounding may need to occur in unit cost reimbursement contracts, including examples. Last Updated: 5/31/2016</p>
<p>LIR Contract Expectations <i>See pages 41 – 43</i></p>	<p>Specifies requirements for LIR contracts that have been implemented or revised since the 2011 version of the manual, including: 1) Outlining HSD’s policy to place a 15% cap on reimbursement of agency indirect costs, which was implemented with 2013 contracts; and 2) Specifying that the Personnel Detail budget must be included in Exhibit B if personnel costs are included in a line item reimbursement contract, based on 2013 auditor recommendations. Last Updated: 5/31/2016</p>
<p>Contract Formatting <i>See pages 44 – 45</i></p>	<p>Outlines standard HSD formatting expectations, including HSD’s standard font for contracts (Verdana, size 11), which was implemented in 2013. Provides guidance on how to set MS Word default settings to appropriately generate templates from CMS. Last Updated: 5/31/2016</p>
<p>Amendments <i>See pages 46 – 49</i></p>	<p>Provides instructions and guidance on when and how to amend a contract, including: 1) An example of how to use the “Amend” and “To Read” format; 2) Guidance on the use of attachment numbering for amendments to specify that attachment numbers from the original contract should be maintained throughout all amendments; and 3) A revision of who to contact for assistance developing special templates for amendments, as the previous manual asked for such requests to be sent to the Fiscal & Contracts Director, but should now be sent to the LAD Contracts Unit. Last Updated: 5/31/2016</p>
<p>SECTION III: CONTRACT DEVELOPMENT & APPROVAL PROCESS</p>	
<p>HSD’s Contracting Process <i>See pages 51 – 55</i></p>	<p>Provides details on the annual CMS contract upload, creating new contracts in CMS (including submitting a SIP request to assign a Program Area SIP code), agency award letters and information packets, contract boilerplates and templates in CMS, contract development, routing for review and approval in CMS, the contract packet/components for routing, tips for contract review, and the typical contract development and routing cycles. Last Updated: 5/31/2016</p>
<p>Contract Review & Approval Process <i>See pages 56 – 59</i></p>	<p>Provides a visual aid to outline the steps in the contract review and approval process, as a quick reference guide, including the DocuSign and hard copy signature processes. Last Updated: 5/31/2016</p>
<p>CDBG Routing & Approval <i>See page 60</i></p>	<p>Provides details regarding the contract routing and approval process for contracts that include CDBG funding. Last Updated: 5/31/2016</p>
<p>Contract Eligibility Requirements <i>See page 61</i></p>	<p>Specifies the steps required for the LAD Contracts Unit to verify a contracted agency’s evidence of insurance coverage and, if the contract includes federal funds, the agency’s registration in the System for Award Management (SAM). This version of the manual specifies that the LAD</p>

	<p>Contracts Unit’s Grants & Contracts Specialist will send an email notification to the Program Specialist and enter a note in CMS if a contract will be held after initial review due to pending receipt of evidence of insurance coverage and/or SAM registration.</p> <p><i>Last Updated: 5/31/2016</i></p>
<p>SECTION IV: CITY OF SEATTLE CONTRACTING ADMINISTRATIVE REQUIREMENTS</p>	
<p>Requirements for a New Agency <i>See page 63</i></p>	<p>Outlines the documents required for a contract with a new agency, including an IRS W-9 Form, proof of insurance coverage, and a signed MASA.</p> <p><i>Last Updated: 5/31/2016</i></p>
<p>Contract Payment Authorization Form <i>See page 64</i></p>	<p>Outlines the requirement to collect a Contract Payment Authorization form for each contract and the process for collecting the form.</p> <p><i>Last Updated: 5/31/2016</i></p>
<p>Insurance Requirements <i>See pages 65</i></p>	<p>Details the City’s Risk Management Division’s insurance requirements for contracted agencies. Contractors must maintain insurance coverage throughout the term of the contract.</p> <p><i>Last Updated: 5/31/2016</i></p>
<p>Debarment <i>See pages 66 – 67</i></p>	<p>Details the process for verifying that an agency is not debarred or suspended from doing business with the Federal Government when federal funding is included in a contract.</p> <p><i>Last Updated: 5/31/2016</i></p>
<p>Contract File Maintenance <i>See page 68</i></p>	<p>Outlines changes made in 2015 regarding the documentation to be included in the official contract file, maintained by the LAD Contracts Unit, and the documentation maintained in the Accounts Payable (AP) file, to ensure compliance with the City of Seattle’s records retention policy. Also starting in 2015, the Contracts Unit’s Grants & Contracts Specialists will save evidence of an agency’s insurance coverage on the J-drive, along with the fully executed contract for all Program Specialists to access as needed.</p> <p><i>Last Updated: 5/31/2016</i></p>
<p>SECTION V: HSD’S INVESTMENT STRATEGY</p>	
<p>Investment Strategy <i>See pages 70 – 71</i></p>	<p>Provides an overview of how contract development fits into HSD’s investment strategy. Program Specialists are reminded to be familiar with how the funding for a contract originated. Planning & Development staff are encouraged to participate in the contract development process to ensure connection to the funding process from which a contract has resulted.</p> <p><i>Last Updated: 5/31/2016</i></p>
<p>Outcomes Framework <i>See pages 72 – 75</i></p>	<p>Provides an overview of HSD’s Outcomes Framework, Theory of Change, and HSD’s Goals and Desired Results. The Outcomes Framework was rolled-out in 2014 and revised in 2015.</p> <p><i>Last Updated: 5/31/2016</i></p>
<p>Commitment to Funding Culturally Responsive Services <i>See page 76</i></p>	<p>Outlines HSD’s commitment to funding culturally responsive services and encourages Program Specialists to include this commitment and expectation in agency contracts.</p> <p><i>Last Updated: 5/31/2016</i></p>

<p>Strategic Investment Plan (SIP) <i>See pages 77 – 78</i></p>	<p>Provides an overview how of the Strategic Investment Plan (SIP) relates to contract development, including the process for requesting SIP changes. <i>Last Updated: 5/31/2016</i></p>
<p>SECTION VI: APPENDICES</p>	
<p>Staff Key <i>See Appendix A</i></p>	<p>Appendix A provides a staff key for participants in the contract development process, as the manual refers to staff by role or title. <i>Last Updated: 5/31/2016</i></p>
<p>Contract Development & Routing Cycles <i>See Appendix B</i></p>	<p>Appendix B provides the estimated contract development and routing cycles for the year, based upon the three primary contracting cycles, for contracts starting January 1, July 1 and September 1. <i>Last Updated: 5/31/2016</i></p>
<p>Overview of Manual Revisions <i>See Appendix C</i></p>	<p>Appendix C provides an overview of changes made to the Contract Development Manual in each revision process <i>Last Updated: 5/31/2016</i></p>